

This secondary legislation is administered by the External Reporting Board.
For more information please see:
Website: www.xrb.govt.nz
Contact phone: +64 4 550 2030
Contact address: Level 6/154 Featherston St, Wellington, 6011

This standard was published in the *Gazette* on 12 March 2026 and takes effect on 9 April 2026. There is an [explanatory note](#) at the end of this standard that includes an explanation of how and from when this standard operates.

International Standard on Sustainability Assurance (New Zealand) 5000, General Requirements for Sustainability Assurance Engagements

This standard is issued under section 12(b) of the [Financial Reporting Act 2013](#) by the New Zealand Auditing and Assurance Standards Board

- (a) acting under delegated authority of the External Reporting Board (given in accordance with section 73 of the Crown Entities Act 2004); and
- (b) after complying with section 22 of the Financial Reporting Act 2013.

CONTENTS

	Paragraph
Title	0.1
Commencement	0.2
Interpretation	0.3
Application	0.4-0.5
Transitional, savings, and related provisions	0.6
Introduction	1–7
Scope of this ISSA (NZ)	8–14
Effective Date	15
Objectives	16–17
Definitions	18
Requirements	
Conduct of an Assurance Engagement in Accordance with the ISSAs (NZ).....	19–25
Acceptance and Continuance of the Assurance Engagement	26–29
Firm-level Quality Management.....	30
Engagement-level Quality Management.....	31–63
Fraud and Non-Compliance with Laws and Regulations	64–67
Communication with Management and Those Charged with Governance.....	68
Documentation.....	69–74

Preconditions for an Assurance Engagement.....	75–84
Terms of the Assurance Engagement	85–88
Evidence.....	89–94
Planning	95–102
Risk Assessment Procedures.....	103L–125
Responding to Risks of Material Misstatement	126L–152
Accumulation and Consideration of Identified Misstatements	153–161
Evaluating the Description of Applicable Criteria.....	162
Subsequent Events	163–164
Written Representations from Management and Those Charged with Governance	165–170
Other Information	171–177
Forming the Assurance Conclusion	178–187
Preparing the Assurance Report.....	188–212
Application and Other Explanatory Material	
Introduction.....	A1–A11
Scope of this ISSA (NZ)	A12–A15
Definitions.....	A16R–A46
Conduct of an Assurance Engagement in Accordance with the ISSAs (NZ).....	A47–A57
Acceptance and Continuance of the Assurance Engagement	A58–A67
Firm-level Quality Management.....	A68–A74
Engagement-level Quality Management.....	A75–A161
Fraud and Non-Compliance with Laws and Regulations	A162–A165
Communication with Management and Those Charged with Governance.....	A166–A170
Documentation.....	A171–A183
Preconditions for an Assurance Engagement.....	A184–A218
Terms of the Assurance Engagement	A219–A224
Evidence.....	A225–A276
Planning	A277–A312
Risk Assessment Procedures.....	A313–A419
Responding to Risks of Material Misstatement	A420–A469R
Accumulation and Consideration of Identified Misstatements	A470–A498
Evaluating the Description of Applicable Criteria.....	A499–A501
Subsequent Events	A502–A505
Written Representations from Management and Those Charged with Governance	A506–A507
Other Information	A508–A518

Forming the Assurance Conclusion A519–A536

Preparing the Assurance Report..... A537–A602

Appendix 1: Sustainability Matters and Sustainability Information

Appendix 2: The Practitioner’s Consideration of the Entity’s Process to Identify Sustainability Information to be Reported

Appendix 3: Illustrations of Assurance Reports on Sustainability Information

Schedule 1

Title

0.1 This standard is the International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements*.

Commencement

0.2 This standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019 (see section 27 of the Financial Reporting Act 2013).

Interpretation

0.3 In this standard, **ISSA (NZ) 5000** means the International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements*.

Application

0.4 The accounting periods in relation to which this standard commences to apply are:

- (a) for an **early adopter**, those accounting periods, following and including, the **early adoption accounting period**.
- (b) for any other assurance practitioner, those accounting periods following, and including, the first accounting period that begins on or after the **mandatory date**.

0.5 In paragraph 0.4:

early adopter means an assurance practitioner that applies this standard for an early adoption accounting period.

early adoption accounting period means the accounting period:

- (a) that begins before the mandatory date but has not ended or does not end before this standard takes effect (and to avoid doubt, that period may have begun before this standard takes effect); and
- (b) for which the early adopter:
 - i. first applies this standard for an assurance engagement; and
 - ii. discloses in the assurance report for that accounting period that this standard has been applied for that period.

mandatory date means 15 December 2026.

Revocation

0.6 The following standards are revoked on the date that this standard takes effect:

- New Zealand Standard on Assurance Engagements 1, *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued in August 2023; and
- International Standard on Assurance Engagements (New Zealand) 3410, *Assurance Engagements on Greenhouse Gas Statements* issued in October 2012.

0.7 To avoid doubt, those standards continue to apply in relation to accounting periods that begin before 15 December 2026 for those assurance practitioners that are not early adopters of this standard.

Transitional, savings, and related provisions

0.8 The transitional, savings, and related provisions (if any) set out in Schedule 1 have effect according to their terms.

Introduction

1. This International Standard on Sustainability Assurance (New Zealand) (ISSA (NZ)) deals with assurance engagements on sustainability information.
2. For purposes of this ISSA (NZ), sustainability information is information about sustainability matters. An entity's disclosures about such matters may relate to several different topics (e.g., climate, labour practices, biodiversity) and aspects of topics (e.g., risks and opportunities, metrics and key performance indicators). Law or regulation or sustainability reporting frameworks may describe sustainability matters, topics or aspects of topics in different ways, and may also provide requirements or guidance for the entity in determining the sustainability information to be reported. (Ref: Para. A1, A21–A22, A43, Appendix 1)
3. Sustainability information is reported in accordance with the criteria. This ISSA (NZ) requires the practitioner to evaluate whether the criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances. In the absence of indications to the contrary, framework criteria that are embodied in law or regulation or are established by authorised or recognised organisations that follow a transparent due process are presumed to be suitable. (Ref: Para. A2, A197)
4. The criteria may specify a process by which the entity identifies sustainability matters to be reported, including the application of materiality in identifying such matters and the reporting boundary. In this ISSA (NZ), "the entity's process to identify sustainability information to be reported" refers to the process applied by the entity to determine the sustainability matters to be reported in the sustainability information and the reporting boundary. (Ref: Para. A3)
5. The scope of the assurance engagement may extend to all of the sustainability information to be reported by the entity or only part of that information. For example, some jurisdictions may require the entirety of the sustainability information to be reported in accordance with an established framework to be subject to assurance. However, in certain jurisdictions, law or regulation may require that only climate-related disclosures in an entity's sustainability information be subject to assurance. The reporting requirements of this ISSA (NZ) require the practitioner to identify or describe the information that is subject to the assurance engagement. (Ref: Para. A4)
6. This ISSA (NZ) is premised on the basis that: (Ref: Para. A5)
 - (a) The members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to the provisions of

Professional and Ethical Standard 1¹ related to sustainability assurance engagements, or professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A6–A7)

- (b) The practitioner who is performing the engagement is a member of a firm that is subject to Professional and Ethical Standard 3,² or professional requirements, or requirements in law or regulation, regarding the firm's responsibility for its system of quality management, that are at least as demanding as Professional and Ethical Standard 3. (Ref: Para. A8–A11)
7. Quality management within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognised as being in the public interest and an integral part of high-quality assurance engagements. When a practitioner performs a sustainability assurance engagement in accordance with this and other ISSAs (NZ), it is important to recognise that this ISSA (NZ) includes requirements that reflect the premises described in paragraph 6. (Ref: Para. A5–A11)
- NZ7.1. In New Zealand, those charged with governance generally have responsibility for ensuring an entity meets its legal obligations in relation to the preparation of the sustainability information that is subject to mandatory assurance. In these cases the process of reporting is usually delegated to management, but the responsibility for such matters remains with those charged with governance. In applying this ISSA (NZ) the practitioner shall apply professional judgement, using knowledge of the legal requirements and corporate governance practices of New Zealand as well as the particular engagement circumstances, to determine whether the requirements of this ISSA (NZ) apply to management or those charged with governance or both.

Scope of this ISSA (NZ)

8. This ISSA (NZ) applies to all assurance engagements on sustainability information. It applies to all types of sustainability information, regardless of how that information is presented. (Ref: Para. A12–A14)
9. This ISSA (NZ) deals with both reasonable and limited assurance engagements. Unless otherwise stated, each requirement of this ISSA (NZ) applies to both reasonable and limited assurance engagements. Because the level of assurance obtained in a limited assurance engagement is substantially lower than in a reasonable assurance engagement, the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. (Ref: Para. A15)
10. EG Au1A³ notes that an assurance engagement may be either an attestation engagement or a direct engagement. This ISSA (NZ) deals only with attestation engagements. Therefore, references in this ISSA (NZ) to "assurance engagement" or "engagement" mean an attestation engagement.

¹ Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand)

² Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

³ Explanatory Guide Au1A (EG Au1A), *Framework for Assurance Engagements*

Relationship with ISAE (NZ) 3000⁴

11. This ISSA (NZ) is an overarching standard that includes requirements and application material for all elements of a sustainability assurance engagement. Accordingly, the practitioner is not required to apply ISAE (NZ) 3000 when performing the engagement.

Relationship with the Audited Financial Statements

12. This ISSA (NZ) does not address sustainability information that is required to be included in the entity's financial statements in accordance with the applicable financial reporting framework. The auditor of the entity's financial statements is required to apply the International Standards on Auditing (New Zealand) to such information.
13. Sustainability information may be presented together with the entity's audited financial statements, for example, as a part of the entity's annual report or in a separate document or documents accompanying the annual report. In these circumstances, the audited financial statements are considered other information for purposes of this ISSA (NZ).

Scalability

14. This ISSA (NZ) is intended for assurance engagements on sustainability information of all entities, regardless of size or complexity. However, the requirements of this ISSA (NZ) are intended to be applied in the context of the nature and circumstances of the engagement.

Effective Date

15. See paragraphs 0.2, 0.4 and 0.5.

Objectives

16. In conducting a sustainability assurance engagement, the objectives of the practitioner are:
 - (a) To obtain reasonable assurance or limited assurance, as applicable, about whether the sustainability information is free from material misstatement;
 - (b) To express a conclusion on the sustainability information through a written report that conveys a reasonable assurance or a limited assurance conclusion, as applicable, and describes the basis for the conclusion; and
 - (c) To communicate further as required by this ISSA (NZ) and any other relevant ISSA (NZ).
17. In all cases when reasonable assurance or limited assurance, as applicable, cannot be obtained and a qualified conclusion in the practitioner's assurance report is insufficient in the circumstances for purposes of reporting to the intended users, this ISSA (NZ) requires the practitioner to disclaim a conclusion or withdraw from the engagement, where withdrawal is possible under applicable law or regulation.

⁴ International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

Definitions

18. For purposes of the ISSAs (NZ), the following terms have the meanings attributed below:

Analytical procedures	Evaluations of sustainability information through analysis of plausible relationships among both quantitative and qualitative data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.
Another practitioner	<p>A firm, other than the practitioner’s firm, that performs work that the practitioner intends to use for purposes of the sustainability assurance engagement and the practitioner is unable to be sufficiently and appropriately involved in that work.</p> <p>For purposes of the ISSAs (NZ):</p> <p>(a) The work of another practitioner that the practitioner may intend to use for purposes of the sustainability assurance engagement is performed in the context of a separate engagement.</p> <p>(b) Individuals from another practitioner who perform the work are not members of the engagement team as they are not performing procedures on the sustainability assurance engagement. Such individuals are also not practitioner’s experts.</p> <p>(c) References to using the work of another practitioner include, when applicable, work performed by individuals from that other firm.</p>
Applicable criteria	The criteria used for the particular sustainability assurance engagement.
Appropriate party(ies)	Management or those charged with governance, as appropriate, or the engaging party, if different.
Assertions	Representations by the entity, explicit or otherwise, that are embodied in the sustainability information, as used by the practitioner to consider the different types of potential misstatements that may occur. (Ref: Para. A16R)
Assurance engagement	<p>An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users about the sustainability information. Each assurance engagement is either a:</p> <p>(a) Reasonable assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner’s conclusion. The practitioner’s conclusion is expressed in a form that conveys the practitioner’s</p>

	<p>opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the sustainability matters against the applicable criteria; or</p> <p>(b) Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe the sustainability information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner’s professional judgement, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users’ confidence about the sustainability information to a degree that is clearly more than inconsequential.</p>
Assurance skills and techniques	Planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from the expertise in sustainability matters or their evaluation or measurement.
Attestation engagement	An assurance engagement in which a party other than the practitioner measures or evaluates the sustainability matters against the applicable criteria.
Comparative information	The sustainability information presented for one or more prior periods.
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. (Ref: Para. A17)
Component practitioner	A firm that performs assurance work related to a component for purposes of the sustainability assurance engagement, and the practitioner is able to be sufficiently and appropriately involved in that work. References to a component practitioner include, when applicable, individuals from that firm. The individuals from a component practitioner who perform the work are members of the engagement team. (Ref: Para. A18–A19)
Criteria	The benchmarks used to measure or evaluate the sustainability matters. Criteria comprise either framework criteria, entity-developed criteria or both. Framework criteria are either fair presentation criteria or compliance criteria. (Ref: Para. A20, A195)

	<p>The term “fair presentation criteria” is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework and: (Ref: Para. A528–A529)</p> <p>(a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the sustainability information, it may be necessary for management to provide information beyond that specifically required by the framework; or</p> <p>(b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the sustainability information. Such departures are expected to be necessary only in extremely rare circumstances.</p> <p>The term “compliance criteria” is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgments in (a) or (b) above.</p>
Disclosure(s)	Sustainability information about an aspect of a topic. (Ref: Para. A21–A22)
Engagement circumstances	The broad context defining the particular assurance engagement, which includes: the terms of the engagement; the scope of the engagement and whether it is a reasonable assurance engagement or a limited assurance engagement; the characteristics of the sustainability matters; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity and its reporting boundary; the characteristics of the entity’s management and those charged with governance; and other matters that may have a significant effect on the engagement.
Engagement leader	The partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, when required, has the appropriate authority from a professional, legal or regulatory body. “Engagement leader” should be read as referring to its public sector equivalents where relevant. (Ref: Para. A23–A24)
Engagement risk	The risk that the practitioner expresses an inappropriate conclusion when the sustainability information is materially misstated. (Ref: Para. A25–A27R)
Engaging party	Management, those charged with governance, or another party, that engages the practitioner to perform the assurance engagement.
Engagement quality review	An objective evaluation of the significant judgements made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the assurance report.

Engagement quality reviewer	A partner, other individual in the firm, or an external individual, appointed by the firm to perform the engagement quality review.
Engagement team	The engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert and internal auditors who provide direct assistance on the engagement. (Ref: Para. A28–A29)
Entity	The legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities, to which the sustainability information relates. (Ref: Para. A30)
Evidence	Information, after applying assurance procedures, that the practitioner uses to draw conclusions that form the basis for the practitioner's assurance conclusion and report. Sufficiency of evidence is the measure of the quantity of evidence. Appropriateness of evidence is the measure of the quality of evidence.
Firm	A sole practitioner, partnership or corporation or other entity of individual practitioners. "Firm" should be read as referring to its public sector equivalents where relevant. (Ref: Para. A31)
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. (Ref: Para. A32–A33)
Further procedures	Procedures, including tests of controls and substantive procedures, performed in response to assessed risks of material misstatement.
Group	A reporting entity for which group sustainability information is prepared. (Ref: Para. A34)
Group sustainability assurance engagement	An assurance engagement on group sustainability information.
Group sustainability information	Sustainability information that includes the sustainability information of more than one entity or business unit in accordance with the criteria. (Ref: Para. A35)
Historical financial information	Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods, or about economic conditions or circumstances at points in time in the past.

Intended users	The individual(s) or organisation(s), or group(s) thereof, that the practitioner expects will use the sustainability assurance report. In some cases, there may be intended users other than those to whom the sustainability assurance report is addressed. (Ref: Para. A36–A38)
Internal audit function	A function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity’s governance, risk management and internal control processes.
Management	The person(s) with executive responsibility for the conduct of the entity’s operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner–manager.
Management’s expert	An individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the entity to assist the entity in preparing the sustainability information.
Misstatement	A difference between the disclosure(s) and the appropriate measurement or evaluation of the sustainability matters in accordance with the applicable criteria. Misstatements can arise from error or fraud, may be qualitative or quantitative, and include omitted information or information that obscures the presentation of the disclosures. (Ref: Para. A417, A473, A479)
Misstatement of the other information	A misstatement of the other information exists when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).
Network	A larger structure: (a) That is aimed at cooperation, and (b) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality management policies or procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.
Network firm	A firm or entity that belongs to the firm’s network.
Non-compliance with laws and regulations	Acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.

Other information	Information not subject to the assurance engagement included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon.
Partner	Any individual with authority to bind the firm with respect to the performance of a professional services engagement. (Ref: Para. A39)
Performance materiality	The amount or amounts set by the practitioner at less than the amount or amounts determined to be material for a quantitative disclosure to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in that disclosure is material.
Personnel	Partners and staff in the firm.
Practitioner	The individual(s) conducting the engagement (usually the engagement leader or other members of the engagement team, or, as applicable, the firm). Where this ISSA (NZ) expressly intends that a requirement or responsibility be fulfilled by the engagement leader, the term “engagement leader” rather than “practitioner” is used.
Practitioner’s expert	An individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist in obtaining sufficient appropriate evidence. A practitioner’s expert may be either a practitioner’s internal expert (who is a partner or staff, including temporary staff, of the practitioner’s firm or a network firm), or a practitioner’s external expert.
Professional judgement	The application of relevant training, knowledge, and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.
Professional scepticism	An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.
Professional standards	International Standards on Sustainability Assurance (New Zealand) (ISSAs (NZ)) and relevant ethical requirements.
Relevant ethical requirements	Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. Relevant ethical requirements comprise the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements, together with national requirements that are more restrictive, or professional requirements or requirements in law or regulation that an appropriate authority has determined to be at least as demanding as the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements. (Ref: Para. A62–A63)

Reporting boundary	<p>Activities, operations, relationships or resources to be included in the entity’s sustainability information.</p> <p>For purposes of the ISSAs (NZ), the reporting boundary is determined in accordance with the applicable criteria. (Ref: Para. A40–A41)</p>
Risk of material misstatement	The risk that the sustainability information is materially misstated prior to the engagement.
Risk assessment procedures	<p>The procedures designed and performed to:</p> <p>(a) In a limited assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level; and</p> <p>(b) In a reasonable assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, of the disclosures at the assertion level.</p>
Staff	Professionals, other than partners, including any experts the firm employs.
Substantive procedures	Procedures designed to detect material misstatements. Substantive procedures comprise tests of details and analytical procedures. (Ref: Para. A42)
Sustainability competence	Competence in the sustainability matters that are the subject of the sustainability assurance engagement and in their measurement or evaluation.
Sustainability information	<p>Sustainability information – Information about sustainability matters. (Ref: Para. A43)</p> <p>For purposes of the ISSAs (NZ):</p> <p>(a) Sustainability information results from measuring or evaluating sustainability matters against the criteria.</p> <p>(b) Sustainability information that is the subject of the assurance engagement is the equivalent of “subject matter information” in other XRB assurance standards.</p> <p>(c) References 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.</p> <p>(d) If 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. (Ref: Para. A44)</p>

Sustainability matters	<p>Environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting sustainability information.</p> <p>For purposes of the ISSAs (NZ), sustainability matters being measured or evaluated in accordance with the criteria are the equivalent of “underlying subject matter” in other XRB assurance standards. (Ref: Para. A45–A46)</p>
System of internal control	<p>The system designed, implemented and maintained by those charged with governance, management and other entity personnel to provide reasonable assurance about the achievement of an entity’s objectives with regard to sustainable business activities and the reliability of sustainability reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations related to sustainability matters.</p> <p>The term “controls” refers to policies or procedures that an entity establishes to achieve the control objectives of management or those charged with governance, relating to any aspects of one or more of the components of the system of internal control.</p>
Those charged with governance	<p>The person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the sustainability reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner–manager.</p>
Uncorrected misstatements	<p>Misstatements that the practitioner has accumulated during the assurance engagement and that have not been corrected.</p>

Requirements

Conduct of an Assurance Engagement in Accordance with the ISSAs (NZ)

Complying with Standards that Are Relevant to the Engagement

19. The practitioner shall comply with this ISSA (NZ) and any other ISSAs (NZ) relevant to the engagement. (Ref: Para. A47)
20. The practitioner shall not represent compliance with this or any other ISSAs (NZ) unless the practitioner has complied with the requirements of this ISSA (NZ) and any other ISSAs (NZ) relevant to the engagement. (Ref: Para. A47–A48)

Text of an ISSA (NZ)

21. The practitioner shall have an understanding of the entire text of an ISSA (NZ), including its application and other explanatory material, to understand its objectives and to apply its requirements properly. (Ref: Para. A49–A54)

Complying with Relevant Requirements

22. The practitioner shall comply with each requirement of this ISSA (NZ) and any other relevant ISSAs (NZ) unless, in the circumstances of the assurance engagement, the requirement is not relevant because it is conditional and the condition does not exist. Requirements that apply to only limited assurance or reasonable assurance engagements have the letter “L” (limited assurance) or “R” (reasonable assurance), respectively, after the paragraph number. When a requirement applies to both limited and reasonable engagements, but in a differential manner, such requirements have been presented in a columnar format with the “L” (limited assurance) and “R” (reasonable assurance) designations. (Ref: Para. A55)
23. In exceptional circumstances, the practitioner may judge it necessary to depart from a relevant requirement in an ISSA (NZ). In such circumstances, the practitioner shall perform alternative procedures to achieve the aim of that requirement. The need for the practitioner to depart from a relevant requirement is expected to arise only when the requirement is for a specific procedure to be performed and, in the specific circumstances of the assurance engagement, that procedure would be ineffective in achieving the aim of the requirement. (Ref: Para. A56)

Documentation of a Departure from a Relevant Requirement

24. If, in exceptional circumstances, the practitioner judges it necessary to depart from a relevant requirement in this ISSA (NZ) or any other ISSAs (NZ), the practitioner shall document how the alternative procedures performed achieve the aim of that requirement, and the reasons for the departure. (Ref: Para. A57)

Failure to Achieve an Objective

25. If an objective in this ISSA (NZ) or any other ISSAs (NZ) relevant to the engagement cannot be achieved, the practitioner shall evaluate whether this requires the practitioner to modify the practitioner’s conclusion or withdraw from the assurance engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective in this or any other relevant ISSA (NZ) represents a significant matter requiring documentation in accordance with paragraph 69.

Acceptance and Continuance of the Assurance Engagement

26. The practitioner shall accept or continue the engagement only when:
- (a) The practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied; (Ref: Para. A58–A64)
 - (b) The practitioner has determined that those persons who are to perform the engagement collectively have the appropriate competence and capabilities, including having sufficient time, to perform the engagement; and
 - (c) The basis upon which the engagement is to be performed has been agreed, by:
 - (i) Establishing that the preconditions for an assurance engagement are present (see also paragraph 76); and
 - (ii) Confirming that there is a common understanding between the practitioner and the engaging party of the terms of the engagement, including the practitioner’s reporting responsibilities (see also paragraph 85).

27. If the engaging party imposes a limitation on the scope of the practitioner's work in the terms of a proposed engagement such that the practitioner believes the limitation will result in the practitioner disclaiming a conclusion on the sustainability information, the practitioner shall not accept such an engagement as an assurance engagement, unless required by law or regulation to do so.
28. The engagement leader shall determine that the firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed and that conclusions reached in this regard are appropriate in accepting the engagement in accordance with paragraph 26. (Ref: Para. A65–A67)
29. If the engagement leader obtains information that may have caused the firm to decline the engagement had that information been known by the firm prior to accepting or continuing the client relationship or specific engagement, the engagement leader shall communicate that information promptly to the firm, so that the firm and the engagement leader can take the necessary action.

Firm-level Quality Management

30. The engagement leader shall be a member of a firm that applies: (Ref: Para. A68–A72)
 - (a) Professional and Ethical Standard 3; or
 - (b) Professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding as Professional and Ethical Standard 3. (Ref: Para. A73–A74)

Engagement-level Quality Management

Overall Responsibility for Managing and Achieving Quality

31. The engagement leader shall take overall responsibility for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement such that the engagement leader has the basis for determining whether the significant judgements made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement. (Ref: Para. A75–A79)
32. If the engagement leader assigns the design or performance of procedures, tasks or actions related to a requirement of this ISSA (NZ) to other members of the engagement team to assist the engagement leader in complying with the requirements of this ISSA (NZ), the engagement leader shall continue to take overall responsibility for managing and achieving quality on the engagement through direction and supervision of those members of the engagement team, and review of their work. (Ref: Para. A80)

Characteristics of the Engagement Leader

33. The engagement leader shall have: (Ref: Para. A81–A83)
 - (a) Competence and capabilities in assurance skills and techniques developed through extensive training and practical application;
 - (b) An understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and circumstances of the assurance engagement; and
 - (c) Sustainability competence sufficient to accept responsibility for the conclusions reached on the engagement.

Relevant Ethical Requirements, Including Those Related to Independence

34. The practitioner shall comply with relevant ethical requirements, including those related to independence, that comprise: (Ref: Para. A58–A61, A64)
- (a) The provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements, together with national requirements that are more restrictive; or
 - (b) Professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding as the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements. (Ref: Para: A62–A63)
35. The engagement leader shall take responsibility for other members of the engagement team having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the engagement, and the firm’s related policies or procedures, including those that address: (Ref: Para. A84–A85)
- (a) Identifying, evaluating and addressing threats to compliance with relevant ethical requirements, including those related to independence;
 - (b) Circumstances that may cause a breach of relevant ethical requirements, including those related to independence, and the responsibilities of members of the engagement team when they become aware of breaches; and
 - (c) The responsibilities of members of the engagement team when they become aware of an instance of non-compliance with laws and regulations by the entity.
36. If matters come to the engagement leader’s attention that indicate that a threat to compliance with relevant ethical requirements exists, the engagement leader shall evaluate the threat through complying with the firm’s policies or procedures, using relevant information from the firm, the engagement team or other sources, and take appropriate action. (Ref: Para. A85–A86)
37. Throughout the engagement, the engagement leader shall remain alert, through observation and making enquiries as necessary, for evidence of breaches of relevant ethical requirements by members of the engagement team. If matters come to the engagement leader’s attention through the firm’s system of quality management or otherwise that indicate that members of the engagement team have breached relevant ethical requirements, the engagement leader, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A86)

Assurance Skills and Techniques, Professional Scepticism and Professional Judgement

38. The practitioner shall apply assurance skills and techniques as part of an iterative, systematic engagement process.
39. The practitioner shall plan and perform the engagement with professional scepticism, recognising that circumstances may exist that cause the sustainability information to be materially misstated. (Ref: Para. A87–A92)
40. The practitioner shall exercise professional judgement in planning and performing the engagement, including determining the nature, timing and extent of procedures. (Ref: Para. A93–A95)

Engagement Resources

41. The engagement leader shall determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the engagement, the firm's policies or procedures, and any changes that may arise during the engagement. (Ref: Para. A96–A97)
42. The engagement leader shall determine that members of the engagement team, and any practitioner's external experts and internal auditors who provide direct assistance, collectively have the appropriate sustainability competence, competence and capabilities in assurance skills and techniques, and sufficient time, to perform the engagement. (Ref: Para. A98–A102)
43. If the practitioner intends to obtain evidence from using the work of a firm other than the practitioner's firm, the engagement leader shall determine whether the engagement leader will be able to be sufficiently and appropriately involved in such work. When the engagement leader: (Ref: Para. A103–A106)
 - (a) Is able to be sufficiently and appropriately involved in that work, that firm is a component practitioner and the individuals performing the work are part of the engagement team. In such circumstances, the practitioner shall apply paragraphs 46–49 with respect to that work;
 - (b) Is unable to be sufficiently and appropriately involved in that work, that firm is another practitioner, and the practitioner shall apply paragraphs 50–55 with respect to that work.
44. If, as a result of complying with the requirements in paragraphs 41–43, the engagement leader determines that resources assigned or made available are insufficient or inappropriate in the circumstances of the engagement, the engagement leader shall take appropriate action, including communicating with appropriate individuals in the firm about the need to assign or make available additional or alternative resources to the engagement. (Ref: Para. A107–A109)
45. The engagement leader shall take responsibility for using the resources assigned or made available to the engagement team appropriately, given the nature and circumstances of the engagement. (Ref: Para. A110)

Direction, Supervision and Review

46. The engagement leader shall take responsibility for the direction and supervision of the members of the engagement team and the review of their work. (Ref: Para. A111–A116)
47. The engagement leader shall determine that the nature, timing and extent of direction, supervision and review is: (Ref: Para. A117–A118)
 - (a) Planned and performed in accordance with the firm's policies or procedures, professional standards and applicable legal and regulatory requirements; and
 - (b) Responsive to the nature and circumstances of the engagement and the resources assigned or made available to the engagement team by the firm.
48. The engagement leader shall review engagement documentation at appropriate points in time during the engagement, including documentation relating to: (Ref: Para. A119–A121, A173)
 - (a) Significant matters;

- (b) Significant judgements, including those relating to difficult or contentious matters identified during the engagement, and the conclusions reached; and
 - (c) Other matters that, in the engagement leader's professional judgement, are relevant to the engagement leader's responsibilities.
49. The engagement leader shall review, prior to their issuance, formal written communications to management, those charged with governance or regulatory authorities. (Ref: Para. A122)

Using the Work of Others

Using the Work of Another Practitioner

50. If the practitioner intends to obtain evidence from using the work of another practitioner, the practitioner shall: (Ref: Para. A123–A124)
- (a) Comply with relevant ethical requirements that apply to using the work of another practitioner; (Ref: Para. A125–A126)
 - (b) Evaluate whether that practitioner has the necessary competence and capabilities for the practitioner's purposes; (Ref: Para. A127)
 - (c) Evaluate whether the nature, scope and objectives of that practitioner's work are appropriate for the practitioner's purposes; and (Ref: Para. A128)
 - (d) Determine whether the evidence obtained from that practitioner's work is adequate for the practitioner's purposes. (Ref: Para. A124)
51. In making the evaluation in accordance with paragraph 50(c) and determination in accordance with paragraph 50(d), if the practitioner plans to use an assurance report of another practitioner that has been designed for use by user entities and their assurance practitioners across a value chain (referred to in this ISSA (NZ) as a one-to-many report), the practitioner shall determine whether that assurance report provides sufficient appropriate evidence for the practitioner's purposes by evaluating: (Ref: Para. A129–A131, A291)
- (a) Whether the description of the procedures performed and the results thereof are appropriate for the practitioner's purposes; and
 - (b) The adequacy of the standard(s) under which the assurance report was issued.
52. If the practitioner intends to obtain evidence about the operating effectiveness of controls in accordance with paragraphs 119R or 120L, as applicable, the practitioner shall determine whether any complementary user entity controls identified in a one-to-many or other assurance report of another practitioner are relevant to the user entity. (Ref: Para: A130)
53. In making the determination in accordance with paragraph 50(d), the practitioner shall, to the extent necessary in the circumstances, communicate with another practitioner about the findings from another practitioner's work. (Ref: Para. A132–A133)
54. The practitioner shall determine whether, and the extent to which, it is necessary to review additional documentation of the work performed by another practitioner. (Ref: Para. A134)
55. If the practitioner determines that the evidence obtained from the work of another practitioner is not adequate for the practitioner's purposes, including when the practitioner is unable to obtain information to make that determination or when the practitioner is not

satisfied that communications with another practitioner are adequate for the practitioner's purposes, the practitioner shall:

- (a) Determine whether the practitioner is able to obtain sufficient appropriate evidence through performing alternative procedures; and
- (b) If sufficient appropriate evidence cannot be obtained through performing alternative procedures, consider the implications for the engagement, including whether a scope limitation exists. (Ref: Para. A135)

Using the Work of a Practitioner's Expert

56. If the practitioner plans to use the work of a practitioner's expert, the practitioner shall: (Ref: Para. A136-A140)
- (a) Evaluate whether the expert has the necessary competence, capabilities and objectivity for the practitioner's purposes; (Ref: Para. A141–A145)
 - (b) When evaluating the objectivity of a practitioner's external expert, enquire regarding interests and relationships that may create a threat to that expert's objectivity; (Ref: Para. A145–A147)
 - (c) Obtain a sufficient understanding of the field of expertise of the expert to determine the nature, scope and objectives of that expert's work for the practitioner's purposes; and (Ref: Para. A148–A149)
 - (d) Agree with the expert, in writing when appropriate, on:
 - (i) The nature, scope and objectives of that expert's work; and (Ref: Para. A149–A150)
 - (ii) The respective roles and responsibilities of the practitioner and that expert, including the nature, timing and extent of communication between the practitioner and expert. (Ref: Para. A138–A139)
57. The practitioner shall evaluate the adequacy of the practitioner's expert's work for the practitioner's purposes, including: (Ref: Para. A137; A151)
- (a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence obtained by the practitioner;
 - (b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and
 - (c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.
58. If the practitioner determines that the work of the practitioner's expert is not adequate for the practitioner's purposes, the practitioner shall:
- (a) Agree with that expert on the nature and extent of further work to be performed; or
 - (b) Perform additional procedures appropriate to the circumstances.

Using the Work of the Internal Audit Function

59. If the practitioner plans to use the work of the internal audit function, the practitioner shall: (Ref: Para. A152–A154)
- (a) Evaluate the extent to which the internal audit function's organisational status and

- relevant policies and procedures support the objectivity of the internal auditors;
- (b) Evaluate the level of competence of the internal audit function, including in sustainability matters and applicable criteria;
 - (c) Evaluate whether the internal audit function applies a systematic and disciplined approach, including a system of quality control;
 - (d) Determine whether, and to what extent, to use specific work of the internal audit function; and
 - (e) Determine whether that work is adequate for the practitioner's purposes.

Communications Among Those Involved in the Engagement

60. The engagement leader shall take responsibility for determining that communications take place at appropriate times throughout the engagement among the engagement team and, as applicable, practitioner's external experts and the internal audit function. (Ref: Para. A155–A159)

Consultation

61. The engagement leader shall take responsibility for the engagement team undertaking consultation on:
- (a) Difficult or contentious matters and matters on which the firm's policies or procedures require consultation; and
 - (b) Other matters that, in the engagement leader's professional judgement, require consultation.

Engagement Quality Review

62. For those engagements for which an engagement quality review is required in accordance with Professional and Ethical Standard 3 or the firm's policies or procedures, the engagement leader shall discuss significant matters and significant judgements arising during the engagement, including those identified during the engagement quality review, with the engagement quality reviewer.

Monitoring and Remediation

63. The engagement leader shall: (Ref: Para. A160–A161)
- (a) Consider information from the firm's monitoring and remediation process, as communicated by the firm, including, as applicable, information from the monitoring and remediation process of the network and across the network firms; and
 - (b) Determine whether the information may affect the engagement and, if so, take appropriate action.

Fraud and Non-Compliance with Laws and Regulations

64. The practitioner shall maintain professional scepticism throughout the engagement, recognising the possibility that a material misstatement due to fraud could exist, notwithstanding the practitioner's past experience of the honesty and integrity of the entity's management and those charged with governance. (Ref: Para. A162)

65. The practitioner shall remain alert to the possibility that procedures performed during the engagement may bring instances of non-compliance or suspected non-compliance with laws and regulations to the practitioner's attention.
66. In the absence of identified or suspected non-compliance, the practitioner is not required to perform procedures regarding the entity's compliance with laws and regulations, other than those set out in paragraphs 65 and 111–112.
67. If the practitioner identifies fraud or suspected fraud, or instances of non-compliance or suspected non-compliance with laws and regulations, the practitioner shall determine whether law, regulation or relevant ethical requirements: (Ref: Para. A163–A165, A434)
 - (a) Require the practitioner to report to an appropriate authority outside the entity; or
 - (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

Communication with Management and Those Charged with Governance

68. The practitioner shall communicate with management or those charged with governance, on a timely basis during the engagement, significant matters that, in the practitioner's professional judgement, merit the attention of management or those charged with governance, as appropriate. (Ref: Para. A166–A170)

Documentation

Overarching Documentation Requirements

Form, Content and Extent of Engagement Documentation

69. The practitioner shall prepare, on a timely basis, engagement documentation that provides a record of the basis for the assurance report that is sufficient and appropriate to enable a practitioner experienced in sustainability assurance, having no previous connection with the assurance engagement, to understand: (Ref: Para. A171–A173)
 - (a) The nature, timing and extent of the procedures performed to comply with this ISSA (NZ), other relevant ISSAs (NZ) and applicable legal and regulatory requirements;
 - (b) The results of the procedures performed, and the evidence obtained; and
 - (c) Significant matters arising during the assurance engagement, the conclusions reached thereon, and significant professional judgements made in reaching those conclusions. (Ref: Para. A174–A176)
70. In documenting the nature, timing and extent of procedures performed, the practitioner shall record: (Ref: Para. A177–A178)
 - (a) The identifying characteristics of the specific items or matters tested;
 - (b) Who performed the assurance engagement work and the date such work was completed; and
 - (c) Who reviewed the assurance engagement work performed and the date and extent of such review.
71. The engagement documentation shall also include discussions of significant matters with management, those charged with governance and others, including the nature of the significant matters discussed, and when and with whom the discussions took place. (Ref: Para. A179)

Assembly of the Final Engagement File

72. The practitioner shall assemble the engagement documentation in an engagement file and complete the administrative process of assembling the final engagement file on a timely basis after the date of the assurance report. After the assembly of the final engagement file has been completed, the practitioner shall not delete or discard engagement documentation of any nature before the end of its retention period. (Ref: Para. A180–A182)
73. In circumstances other than those envisaged in paragraph 212, when the practitioner finds it necessary to modify existing engagement documentation or add new engagement documentation after the assembly of the final engagement file has been completed, the practitioner shall, regardless of the nature of the modifications or additions, document:
- (a) The specific reasons for making them; and
 - (b) When and by whom they were made and reviewed.

Documentation Related to Quality Management

74. The practitioner shall include in the engagement documentation: (Ref: Para. A183)
- (a) Issues identified with respect to compliance with relevant ethical requirements and how they were resolved;
 - (b) Conclusions about compliance with independence requirements that apply to the engagement, and any relevant discussions with the firm that support these conclusions;
 - (c) Conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements, including with respect to the preconditions for an assurance engagement; and
 - (d) The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.

Preconditions for an Assurance Engagement

Establishing Whether the Preconditions Are Present

75. The practitioner shall obtain a preliminary knowledge of the engagement circumstances, including: (Ref: Para. A184)
- (a) The sustainability information to be reported; and
 - (b) Whether the scope of the proposed assurance engagement encompasses all or part of the sustainability information in (a). (Ref: Para. A185)
76. In order to establish whether the preconditions for an assurance engagement are present, based on the preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies), the practitioner shall: (Ref: Para. A184, A186–A187)
- (a) Consider whether the entity has a process to identify sustainability information to be reported; (Ref: Para. A187)
 - (b) Evaluate whether the roles and responsibilities of management, those charged with governance and the engaging party, if different, are suitable in the circumstances. In doing so, the practitioner shall also evaluate whether management, or those charged with governance, when appropriate, have a reasonable basis for the sustainability information; and (Ref: Para. A186(a), A188–A191)

- (c) Evaluate whether the engagement exhibits all of the characteristics in paragraphs 77–80.

Appropriate Sustainability Matters

- 77. The practitioner shall evaluate whether the sustainability matters within the scope of the engagement are appropriate. In doing so, the practitioner shall consider whether those sustainability matters are identifiable and capable of consistent measurement or evaluation against the applicable criteria, such that the resulting sustainability information can be subjected to procedures for obtaining sufficient appropriate evidence. (Ref: Para. A192–A193)

Suitability and Availability of Criteria

- 78. 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:
 - (a) Evaluate whether there are criteria for all of the sustainability information subject to the assurance engagement; (Ref: Para. A194)
 - (b) Identify the sources of the criteria, including whether they are framework criteria, entity–developed criteria or a combination of both; (Ref: Para. A195–A198, A331)
 - (c) Evaluate whether the criteria exhibit the following characteristics: (Ref: Para. A199–A201, A332–A335)
 - (i) Relevance; (Ref: Para. A336–A337)
 - (ii) Completeness; (Ref: Para. A338)
 - (iii) Reliability; (Ref: Para. A339)
 - (iv) Neutrality; and (Ref: Para. A340–A341)
 - (v) Understandability; and (Ref: Para. A342)
 - (d) Evaluate whether and how the criteria will be made available to the intended users. (Ref: Para. A202)

Evidence to Support the Practitioner’s Conclusion and Form of Conclusion

- 79. The practitioner shall determine whether
 - (a) The practitioner expects to be able to obtain the evidence needed to support the practitioner’s conclusion; and (Ref: Para. A203–A206L)
 - (b) The practitioner’s conclusion, in the form appropriate for the engagement, is to be contained in a written report.

Rational Purpose

- 80. The practitioner shall determine whether the engagement exhibits a rational purpose. In doing so, the practitioner shall determine whether: (Ref: Para. A207–A208)
 - (a) In the case of a limited assurance engagement, the practitioner expects to be able to obtain a meaningful level of assurance; (Ref: Para. A209L–A211L)
 - (b) The engagement as a whole will be useful and not misleading to intended users; and

- (c) The scope of the assurance engagement is appropriate, including when the scope of the assurance engagement excludes part of the sustainability information to be reported. (Ref: Para. A212–A217)

Deciding Whether to Accept or Continue the Assurance Engagement

81. If the preconditions for an assurance engagement are not present, the practitioner shall discuss the matter with the engaging party. If changes cannot be made to meet the preconditions, the practitioner shall not accept the engagement as an assurance engagement, unless required by law or regulation to do so. However, an engagement accepted under such circumstances does not comply with this ISSA (NZ). Accordingly, the practitioner shall not include any reference within the assurance report to the engagement having been conducted in accordance with this ISSA (NZ) or any other ISSAs (NZ).

Preconditions Not Present After Acceptance

82. If it is discovered after the engagement has been accepted that one or more preconditions for an assurance engagement is not present, the practitioner shall discuss the matter with the appropriate party(ies), and shall determine: (Ref: Para. A218)
- (a) Whether the matter can be resolved to the practitioner’s satisfaction;
 - (b) Whether it is appropriate to continue with the engagement; and
 - (c) Whether and, if so, how to communicate the matter in the assurance report.
83. If it is discovered after the engagement has been accepted that some or all of the applicable criteria are unsuitable or some or all of the sustainability matters are not appropriate for an assurance engagement, the practitioner shall consider withdrawing from the engagement, if withdrawal is possible under applicable law or regulation. If the practitioner continues with the engagement, the practitioner shall express a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances. (Ref: Para. A218)

Assurance Report Prescribed by Law or Regulation

84. If law or regulation prescribes the layout or wording of the assurance report that is different from the requirements of the ISSAs (NZ), the practitioner shall evaluate:
- (a) Whether intended users may misunderstand the practitioner’s conclusion; and
 - (b) If so, whether additional explanation in the assurance report can mitigate the possible misunderstanding.

If the practitioner concludes that additional explanation in the assurance report cannot mitigate the possible misunderstanding, the practitioner shall not accept the assurance engagement, unless required by law or regulation to do so. An assurance engagement conducted in accordance with such law or regulation does not comply with this ISSA (NZ). Accordingly, the practitioner shall not include any reference in the assurance report to the assurance engagement having been conducted in accordance with this ISSA (NZ).

Terms of the Assurance Engagement

Agreeing the Terms of the Assurance Engagement

85. The practitioner shall agree the terms of the assurance engagement with the engaging party. The agreed terms shall be specified in sufficient detail in an engagement letter or

other suitable form of written agreement, written confirmation, or in law or regulation, and shall include: (Ref: Para. A219–A222)

- (a) Matters related to the objective and scope of the assurance engagement, including:
 - (i) The objective of the assurance engagement;
 - (ii) The sustainability information within the scope of the assurance engagement, and the sustainability information that is not within the scope of the assurance engagement;
 - (iii) The reporting boundary within the scope of the assurance engagement;
 - (iv) Whether the engagement is a limited assurance engagement, reasonable assurance engagement, or a combined limited and reasonable assurance engagement and the sustainability information that is subject to each level of assurance;
 - (v) The applicable criteria; and
 - (vi) That the assurance engagement will be conducted in accordance with ISSA (NZ) 5000, *General Requirements for Sustainability Assurance Engagements*.
- (b) The responsibilities of the practitioner; (Ref: Para. A221)
- (c) The responsibilities of management or those charged with governance, as appropriate for:
 - (i) The preparation of the sustainability information in accordance with the applicable criteria, including, where relevant, its fair presentation;
 - (ii) When applicable, identifying, selecting or developing suitable criteria;
 - (iii) Referring to or describing in the sustainability information, the applicable criteria it has used and, when it is not readily apparent from the engagement circumstances, who developed them;
 - (iv) Designing, implementing and maintaining a system of internal control that it determines is necessary to enable the preparation of sustainability information in accordance with the applicable criteria that is free from material misstatement, whether due to fraud or error; and
 - (v) Providing the practitioner with:
 - a. Access to all information of which management is aware that is relevant to the preparation of the sustainability information;
 - b. Additional information that the practitioner may request for the purpose of the assurance engagement; and
 - c. Unrestricted access to persons within the entity, from whom the practitioner determines it necessary to obtain evidence;
- (d) Reference to the expected form and content of the report or reports to be issued by the practitioner and a statement that there may be modifications to the report in certain circumstances; and
- (e) An acknowledgement that management agrees to provide written representations at the conclusion of the assurance engagement.

86. For recurring assurance engagements, the practitioner shall evaluate whether the circumstances require the terms of the assurance engagement to be revised or there is a

need to remind the appropriate party(ies) of the existing terms.

Changing the Terms of the Assurance Engagement

87. The practitioner shall not agree to a change in the terms of the assurance engagement, including from a reasonable assurance engagement to a limited assurance engagement (i.e., to a lower level of assurance), when there is no reasonable justification for doing so. If the practitioner is unable to agree to a request to change in the terms of the assurance engagement and is not permitted by the appropriate party(ies) to continue the assurance engagement under the original terms, the practitioner shall: (Ref: Para. A223–A224)
- (a) Withdraw from the assurance engagement, when possible under applicable law or regulation; and
 - (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators.
88. If the terms of the assurance engagement are changed:
- (a) The practitioner and the appropriate party(ies) shall agree on and record the new terms of the assurance engagement in an engagement letter or other suitable form of written agreement; and
 - (b) The practitioner shall not disregard evidence that was obtained prior to the change.

Evidence

Designing and Performing Procedures to Obtain Sufficient Appropriate Evidence

89. For the purpose of obtaining sufficient appropriate evidence, the practitioner shall design and perform procedures: (Ref: Para. A225–A226)
- (a) In a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory; and (Ref: Para. A227–A228)
 - (b) The nature, timing and extent of which are appropriate in the circumstances to provide evidence to meet the intended purpose of those procedures. (Ref: Para. A229–A244)

Information Intended to be Used as Evidence

90. When designing and performing procedures, the practitioner shall evaluate the relevance and reliability of information intended to be used as evidence, including information obtained from sources external to the entity. (Ref: Para. A245–A263)
91. When using information produced by the entity, the practitioner shall evaluate whether the information is sufficiently reliable for the practitioner’s purposes, including, as necessary in the circumstances: (Ref: Para. A264–A265)
- (a) Obtaining evidence about the accuracy and completeness of the information; and
 - (b) Evaluating whether the information is sufficiently precise and detailed for the practitioner’s purposes.

Work Performed by a Management’s Expert

92. If information intended to be used as evidence has been prepared by a management’s

expert, as part of the practitioner's evaluation in accordance with paragraph 90, the practitioner shall, to the extent necessary, having regard to the significance of that expert's work for the practitioner's purposes: (Ref: Para. A266)

- (a) Evaluate the competence, capabilities and objectivity of that expert; (Ref: Para. A267–A268)
- (b) Obtain an understanding of the work performed by that expert; (Ref: Para. A269)
- (c) Obtain an understanding about how the information prepared by that expert has been used by management in the preparation of the sustainability information; and (Ref: Para. A270–A271)
- (d) Evaluate the appropriateness of the work of that expert as evidence. (Ref: Para. A272)

Doubts About the Relevance and Reliability of Information Intended to be Used as Evidence

- 93. If conditions identified during the assurance engagement cause the practitioner to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, the practitioner shall investigate further and determine the effect on the rest of the evidence obtained. (Ref: Para. A273–A275)
- 94. If the practitioner has doubts about the relevance or reliability of information intended to be used as evidence, the practitioner shall: (Ref: Para. A276)
 - (a) Determine whether modifications or additions to procedures are necessary to resolve the doubts; and
 - (b) If the doubts cannot be resolved, consider the effect, if any, on other aspects of the engagement, including whether such doubts indicate a risk that disclosures may be materially misstated due to fraud.

Planning

Planning Activities

- 95. The practitioner shall develop an overall strategy and engagement plan, including determining the nature, timing and extent of planned procedures. In doing so, the engagement leader shall consider information obtained in the acceptance and continuance process and, if applicable, whether knowledge obtained on other engagements performed by the engagement leader for the entity is relevant. (Ref: Para. A277–A287)
- 96. For a group sustainability assurance engagement, in developing the overall strategy and engagement plan in accordance with paragraph 95, the practitioner shall determine: (Ref: Para. A284–A291)
 - (a) The sustainability information on which assurance work will be performed and the source of that information; (Ref: Para. A288)
 - (b) The resources needed to perform the engagement, including component practitioner(s); and (Ref: Para. A108, A289–A290)
 - (c) Whether to obtain evidence from the work performed by another practitioner(s). (Ref: Para. A291)
- 97. The engagement leader and other key members of the engagement team shall be involved in planning the assurance engagement, including participating in the discussion among the engagement team members required by paragraph 105.

Materiality

- 98. For purposes of planning and performing the assurance engagement, and evaluating whether the sustainability information is free from material misstatement, the practitioner shall: (Ref: Para. A292–A299)
 - (a) Consider materiality for qualitative disclosures; and (Ref: Para. A300)
 - (b) Determine materiality for quantitative disclosures. (Ref: Para. A301–A305)
- 99. If the applicable criteria require the entity to apply both financial materiality and impact materiality in preparing the sustainability information, the practitioner shall take into account both perspectives when considering or determining materiality in accordance with paragraph 98. (Ref: Para. A306, A337)
- 100. For quantitative disclosures, the practitioner shall determine performance materiality. (Ref: Para. A307–A311)

Revision of Materiality as the Engagement Progresses

- 101. The practitioner shall revise materiality for a disclosure(s) in the event of becoming aware of information during the assurance engagement that would have caused the practitioner to have considered or determined a different materiality initially. (Ref: Para. A312)

Documentation

- 102. The practitioner shall include in the engagement documentation:
 - (a) The factors relevant to the practitioner’s consideration of materiality for qualitative disclosures in accordance with paragraph 98(a);
 - (b) The basis for the determination of materiality for quantitative disclosures, in accordance with paragraph 98(b); and
 - (c) The basis for the practitioner’s determination of performance materiality in accordance with paragraph 100.

Risk Assessment Procedures

Designing and Performing Risk Assessment Procedures

Limited Assurance	Reasonable Assurance
<p>103L. The practitioner shall design and perform risk assessment procedures sufficient to: (Ref: Para. A313–A318, A416L)</p> <ul style="list-style-type: none"> (a) Identify and assess risks of material misstatement, whether due to fraud or error, at the disclosure level; and (b) Design and perform further procedures. 	<p>103R. The practitioner shall design and perform risk assessment procedures sufficient to: (Ref: Para. A313–A318, A415R)</p> <ul style="list-style-type: none"> (a) Identify and assess risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures; and (b) Design and perform further procedures.

- 104. When designing and performing risk assessment procedures in accordance with paragraphs 103L and 103R, the practitioner shall consider information from the

practitioner's procedures regarding acceptance and continuance of the client relationship or the sustainability assurance engagement. (Ref: Para. A319)

105. The engagement leader and other key members of the engagement team, and any key practitioner's external experts, shall discuss the susceptibility of the disclosures to material misstatement, whether due to fraud or error, and the application of the applicable criteria to the entity's facts and circumstances. The engagement leader shall determine which matters are to be communicated to members of the engagement team and to any practitioner's external experts not involved in the discussion. (Ref: Para. A320–A321)

Understanding the Sustainability Matters and the Sustainability Information

106. The practitioner shall obtain an understanding of the sustainability matters and the sustainability information, including the characteristics of events or conditions that could give rise to material misstatement of the disclosures. (Ref: Para. A322–A325)

Determining the Suitability of the Applicable Criteria

107. The practitioner shall determine whether the applicable criteria are suitable for the engagement circumstances, including that they exhibit the characteristics in paragraph 78. (Ref: Para. A199–A201, A326–A342)

Understanding the Entity's Reporting Policies

108. The practitioner shall obtain an understanding of the entity's reporting policies and the reason for any changes thereto. (Ref: Para. A2, A197, A343)
109. The practitioner shall evaluate whether the entity's reporting policies are appropriate and consistent with: (Ref: Para. A2, A343–A344)
- (a) The applicable criteria; and
 - (b) Criteria used in the relevant industry.

Understanding the Entity and Its Environment

110. The practitioner shall obtain an understanding of the entity and its environment, including:
- (a) The nature of the entity's operations, legal and organisational structure, ownership and governance, and business model; (Ref: Para. A345–A346)
 - (b) The reporting boundary and activities within the reporting boundary; and (Ref: Para. A347)
 - (c) Goals, targets, or strategic objectives related to sustainability matters and measures used to assess the entity's performance or determine management compensation. (Ref: Para. A348)

Understanding the Legal and Regulatory Framework

111. The practitioner shall obtain an understanding of: (Ref: Para. A349–A351)
- (a) The legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates, in the context of the entity's sustainability information; and
 - (b) How the entity is complying with that framework.

Enquiries and Discussion with Appropriate Parties

112. The practitioner shall make enquiries of appropriate parties and, when appropriate, others within the entity regarding whether: (Ref: Para. A352–A353)
- (a) They have knowledge of any fraud or suspected fraud or identified or suspected non-compliance with laws and regulations affecting the sustainability information; and
 - (b) The entity has an internal audit function and, if so, make further enquiries to obtain an understanding of the activities and main findings, if any, of the internal audit function with respect to the sustainability information.

Understanding the Components of the Entity’s System of Internal Control

Limited Assurance	Reasonable Assurance
113L. The practitioner shall obtain an understanding, through enquiry, of the components of the entity’s system of internal control relevant to the sustainability matters and the preparation of the sustainability information, in accordance with paragraphs 114L, 115L, 116L, 117 and 120L. (Ref: Para. A354–A359)	113R. The practitioner shall obtain an understanding, through enquiry and other procedures, of the components of the entity’s system of internal control relevant to the sustainability matters and the preparation of the sustainability information, in accordance with paragraphs 114R, 115R, 116R, 117, and 119R. (Ref: Para. A354–A356, A358–A359)

The Control Environment

Limited Assurance	Reasonable Assurance
114L. The practitioner shall obtain an understanding of the entity’s control environment relevant to the sustainability matters and the preparation of the sustainability information. (Ref: Para. A360, A362–A363)	<p>114R. The practitioner shall obtain an understanding of the entity’s control environment relevant to the sustainability matters and the preparation of the sustainability information, including evaluating whether: (Ref: Para. A360–A363)</p> <ul style="list-style-type: none"> (a) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behaviour; (b) The control environment provides an appropriate foundation for the other components of the system of internal control considering the nature and complexity of the entity; and (c) Control deficiencies identified in the control environment undermine the other components of the system of internal control.

The Entity's Risk Assessment Process

Limited Assurance	Reasonable Assurance
<p>115L. The practitioner shall obtain an understanding of the results of the entity's risk assessment process relevant to the sustainability matters and the preparation of the sustainability information. (Ref: Para. A364, A366, A368)</p>	<p>115R. The practitioner shall obtain an understanding of the entity's risk assessment process relevant to the sustainability matters and the preparation of the sustainability information, including: (Ref: Para. A364–A368)</p> <ul style="list-style-type: none"> (a) Understanding the entity's process for: <ul style="list-style-type: none"> (i) Identifying risks relevant to sustainability information reporting objectives; (ii) Assessing the significance of those risks, including the likelihood of their occurrence; and (iii) Addressing those risks; (b) Understanding the results of the entity's risk assessment process; and (c) Based on the understanding in (a) and (b), evaluating whether the entity's risk assessment process is appropriate to the entity's circumstances.

The Entity's Process for Monitoring the System of Internal Control

Limited Assurance	Reasonable Assurance
<p>116L. The practitioner shall obtain an understanding of the results of the entity's process to monitor the system of internal control relevant to the sustainability matters and the preparation of the sustainability information. (Ref: Para. A369–A370)</p>	<p>116R. The practitioner shall:</p> <ul style="list-style-type: none"> (a) Obtain an understanding of: (Ref: Para. A369–A370) <ul style="list-style-type: none"> (i) The entity's process to monitor the system of internal control relevant to the sustainability matters and the preparation of the sustainability information; and (ii) The results thereof; and (b) Based on this understanding, evaluate whether the entity's process to monitor the system of internal control relevant to the sustainability matters and the preparation of the

Limited Assurance	Reasonable Assurance
	sustainability information is appropriate to the entity's circumstances. (Ref: Para. A371R–A376R)

The Information System and Communication

117. The practitioner shall obtain an understanding of the entity's information system and communication relevant to the sustainability matters and the preparation of the sustainability information, including: (Ref: Para. A377–A381)
- (a) The entity's process to identify sustainability information to be reported. (Ref: Para. A382–A384)
 - (b) How information from external sources, such as service organisations or other organisations in the entity's value chain, is recorded, processed, corrected as necessary, and incorporated into the sustainability information. (Ref: Para. A385)
 - (c) For estimates and forward-looking information, how the entity identifies the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate in the context of the applicable criteria.
118. Based on the practitioner's understanding of the information system and communication in accordance with paragraph 117, the practitioner shall evaluate whether the entity's information system appropriately supports the preparation of the sustainability information in accordance with the applicable criteria. (Ref: Para. A386)

Control Activities

- 119R. The practitioner shall obtain an understanding of control activities by identifying: (Ref: Para. A387–A392)
- (a) Controls for which the practitioner plans to obtain evidence by testing their operating effectiveness, which shall include:
 - (i) Controls that address risks for which substantive procedures alone do not provide sufficient appropriate evidence; or
 - (ii) If applicable, any complementary user entity controls identified in an assurance report of another practitioner that are determined to be relevant to the user entity in accordance with paragraph 52;
 - (b) Based on the controls identified in (a), the IT applications and the other aspects of the entity's IT environment that are subject to risks arising from the use of IT;
 - (c) The entity's general IT controls that address risks arising from the use of IT identified in (b); and
 - (d) Other controls that the practitioner considers are appropriate to identify and assess the risks of material misstatement at the assertion level for disclosures and design further procedures responsive to those assessed risks.

Design and Implementation of Controls

Limited Assurance	Reasonable Assurance
<p>120L. If the practitioner plans to obtain evidence by testing the operating effectiveness of controls, the practitioner shall obtain an understanding of: (Ref: Para. A387–A392, A399L)</p> <ul style="list-style-type: none"> (a) The controls the practitioner plans to test, including if applicable, any complementary user entity controls identified in the assurance report of another practitioner that are determined to be relevant to the user entity in accordance with paragraph 52; and (b) The entity’s general IT controls that address risks arising from the use of IT related to the controls identified in (a). <p>by: (Ref: Para. A393–A398)</p> <ul style="list-style-type: none"> (a) Evaluating whether the control is designed effectively to address the risk of material misstatement for the disclosure, or effectively designed to support the operation of other controls; and (b) Determining whether the control has been implemented by performing procedures in addition to enquiry of the entity’s personnel. 	<p>120R. The practitioner shall obtain an understanding of each control identified in accordance with paragraph 119R(a), (c), and (d) by: (Ref: Para. A393–A398)</p> <ul style="list-style-type: none"> (a) Evaluating whether the control is designed effectively to address the risk of material misstatement at the assertion level, or effectively designed to support the operation of other controls; and (b) Determining whether the control has been implemented by performing procedures in addition to enquiry of the entity’s personnel.

Identifying Control Deficiencies

121. Based on the practitioner’s understanding of the components of the entity’s system of internal control, the practitioner shall consider whether one or more control deficiencies have been identified. (Ref: Para. A400–A403)

Identifying and Assessing the Risks of Material Misstatement

Limited Assurance	Reasonable Assurance
<p>122L. The practitioner shall identify and assess the risks of material misstatement at the disclosure level as a basis for designing and performing procedures whose nature, timing and extent: (Ref: Para. A404–A414, A416L, A417)</p> <ul style="list-style-type: none"> (a) Are responsive to the assessed risks of material misstatement; and (b) Allow the practitioner to obtain limited assurance about whether the sustainability information is prepared, in all material respects, in accordance with the applicable criteria. 	<p>122R. The practitioner shall identify and assess the risks of material misstatement at the assertion level for the disclosures as a basis for designing and performing procedures whose nature, timing and extent: (Ref: Para. A404–A405, A407–A408, A410–A415R, A417–A418R)</p> <ul style="list-style-type: none"> (a) Are responsive to the assessed risks of material misstatement; and (b) Allow the practitioner to obtain reasonable assurance about whether the sustainability information is prepared, in all material respects, in accordance with the applicable criteria.

123R. Due to the unpredictable way in which management is able to override controls, the practitioner shall treat risks of management override of controls as risks of material misstatement due to fraud and thus risks of material misstatement at the upper end of the spectrum of risk. (Ref: Para. A418R)

Evaluating the Evidence Obtained from the Risk Assessment Procedures

124. The practitioner shall determine whether the evidence obtained from the risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement. If not, the practitioner shall perform additional risk assessment procedures until evidence has been obtained to provide such a basis. (Ref: Para. A419)

Documentation

125. The practitioner shall include in the engagement documentation:

- (a) The engagement team discussion in accordance with paragraph 105, and the significant decisions reached;
- (b) Key elements of the practitioner’s understanding, enquiries and discussion in accordance with paragraphs 106–119R;
- (c) The evaluation of the design of identified controls, and determination of whether such controls have been implemented, in accordance with paragraph 120L, if applicable, and paragraph 120R; and
- (d) The identified and assessed risks of material misstatement, in accordance with paragraphs 122L and 122R.

Responding to Risks of Material Misstatement

Designing and Performing Further Procedures

Limited Assurance	Reasonable Assurance
126L. The practitioner shall design and perform further procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement, whether due to fraud or error, at the disclosure level. (Ref: Para. A284–A287, A420–A424)	126R. The practitioner shall design and perform further procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures. (Ref: Para. A284–A287, A420–A424)

127. In designing and performing further procedures, the practitioner shall: (Ref: Para. A424–A427)
- (a) Consider the reasons for the assessment given to the risks of material misstatement;
 - (b) Consider whether the practitioner intends to obtain evidence about the operating effectiveness of controls in determining the nature, timing and extent of other procedures; and
 - (c) Obtain more persuasive evidence the higher the practitioner’s assessment of risk.

Overall Responses

Limited Assurance	Reasonable Assurance
<p>128L. The practitioner shall design and implement overall responses to address the risks of material misstatement if the practitioner identifies: (Ref: Para. A428–A429)</p> <ul style="list-style-type: none"> (a) Control deficiencies in the control environment that undermine the other components of the system of internal control; (b) Fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations; or (c) Risks of material misstatement pervasively throughout the sustainability information. 	<p>128R. The practitioner shall design and implement overall responses to address the risks of material misstatement if: (Ref: Para. A428–A429)</p> <ul style="list-style-type: none"> (a) The practitioner's evaluation of the control environment indicates that: <ul style="list-style-type: none"> (i) Management, with the oversight of those charged with governance, has not created and maintained a culture of honesty and ethical behaviour; (ii) The control environment does not provide an appropriate foundation for the other components of the system of internal control considering the nature and complexity of the entity; or (iii) Control deficiencies identified in the control environment undermine the other components of the system of

Limited Assurance	Reasonable Assurance
	<p style="text-align: center;">internal control;</p> <p>(b) The practitioner identifies fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations; or</p> <p>(c) The practitioner identifies risks of material misstatement pervasively throughout the sustainability information.</p>

Responding to Identified or Suspected Fraud or Non-Compliance with Laws and Regulations

129. The practitioner shall respond appropriately to fraud or suspected fraud, or non-compliance or suspected non-compliance with laws and regulations, identified during the engagement by obtaining: (Ref: Para. A430–A431)
- (a) An understanding of the nature of the act and the circumstances in which it occurred; and
 - (b) Further information to evaluate the possible effect on the sustainability information.
130. If the practitioner suspects there may be instances of fraud or non-compliance with laws and regulations, the practitioner shall discuss the matter, unless prohibited by law or regulation, with the appropriate level of management and, where appropriate, those charged with governance. (Ref: Para. A432)
131. The practitioner shall evaluate the implications of identified or suspected fraud or non-compliance with laws and regulations for the assurance engagement, including the practitioner’s risk assessment procedures and the reliability of written representations, and take appropriate action. (Ref: Para. A433–A435)

Tests of Controls

132. If the practitioner intends to obtain evidence about the operating effectiveness of controls identified in accordance with paragraphs 119R or 120L, the practitioner shall design and perform tests of controls by: (Ref: Para. A436–A437)
- (a) Performing enquiry and other procedures to obtain evidence about the operating effectiveness of the controls, including:
 - (i) How the controls were applied at relevant times during the period to which the sustainability information relates;
 - (ii) The consistency with which they were applied; and
 - (iii) By whom or by what means they were applied.
 - (b) Determining whether the controls to be tested depend upon other controls and, if so, whether it is necessary to obtain evidence supporting the effective operation of those indirect controls.
133. The practitioner shall test controls for the appropriate period for which the practitioner intends to obtain evidence about the operating effectiveness of those controls, subject to paragraph 134.

134. If the practitioner obtains evidence about the operating effectiveness of controls during an interim period and intends to extend the conclusions of those tests of controls for the remaining period, the practitioner shall obtain evidence about the operating effectiveness of those controls for the period subsequent to the interim period.
135. If the practitioner plans to use evidence from a previous sustainability assurance engagement about the operating effectiveness of controls, the practitioner shall establish the continuing relevance of the evidence by obtaining evidence about whether significant changes in those controls have occurred subsequent to the previous engagement. The practitioner shall obtain this evidence by performing enquiry, combined with observation or inspection, to confirm the understanding of those specific controls, and (Ref: Para. A438–A439)
- (a) If there have not been changes that affect the continuing relevance of the evidence from the previous engagement, the practitioner shall test the controls at least once in every third engagement, and shall test some controls in each engagement.
 - (b) If there have been changes that affect the continuing relevance of the evidence from the previous engagement, the practitioner shall test the controls in the current engagement.
136. If the practitioner plans to obtain evidence about the operating effectiveness of controls over a risk of material misstatement for which the assessment of risk is close to the upper end of the spectrum of risk, the practitioner shall test those controls in the current period.
137. When evaluating the operating effectiveness of controls, the practitioner shall evaluate whether misstatements detected through performing other procedures indicate that controls are not operating effectively. The absence of misstatements detected by other procedures, however, does not provide evidence that controls being tested are effective.
138. If deviations from controls that the practitioner tests are detected, the practitioner shall make specific enquiries to understand these matters and their potential consequences and shall determine whether:
- (a) The tests of controls that have been performed provide sufficient appropriate evidence about the operating effectiveness of those controls;
 - (b) Additional tests of controls are necessary; or
 - (c) The potential risks of material misstatement need to be addressed by performing substantive procedures.

Substantive Procedures

- 139R. The further procedures required by paragraph 126R shall 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. (Ref: Para. A407)
- 140R. Irrespective of the assessed risks of material misstatement, the practitioner shall consider the need to design and perform substantive procedures for disclosures that, in the practitioner's judgement, are material. (Ref: Para. A440R–A441R)
- 141R. The practitioner shall consider whether external confirmation procedures are to be performed. (Ref: Para. A442–A443)
142. If substantive procedures are performed at an interim date and the practitioner intends to extend the conclusions of those substantive procedures for the remaining period, the practitioner shall perform: (Ref: Para. A444–A445)

- (a) Substantive procedures, combined with tests of controls for the period subsequent to the interim period; or
- (b) If the practitioner determines that it is sufficient, substantive procedures only that provide a reasonable basis for extending the conclusions to the period subsequent to the interim period.

Analytical Procedures

Limited Assurance	Reasonable Assurance
<p>143L. If designing and performing analytical procedures, the practitioner shall: (Ref: Para. A446–A447)</p> <ul style="list-style-type: none"> (a) Determine the suitability of particular analytical procedures, considering the reasons for the assessment of the risks of material misstatement at the disclosure level; and (b) Develop an expectation about recorded quantities or ratios. (Ref: Para. A448L) 	<p>143R. If designing and performing analytical procedures, the practitioner shall: (Ref: Para. A446–A447)</p> <ul style="list-style-type: none"> (a) Determine the suitability of particular analytical procedures for given assertions, considering the reasons for the assessment of risks of material misstatement and evidence from other procedures, if any, for these assertions; and (b) Develop an expectation about recorded quantities or ratios that is sufficiently precise to identify possible material misstatements.
<p>144L. If analytical procedures identify fluctuations or relationships that are inconsistent with other relevant information or that differ significantly from the expected result, the practitioner shall make enquiries of management about such differences. The practitioner shall consider the responses to these enquiries to determine whether additional procedures are necessary in the circumstances.</p>	<p>144R. If analytical procedures identify fluctuations or relationships that are inconsistent with other relevant information or that differ significantly from expected quantities or ratios, the practitioner shall investigate such differences by:</p> <ul style="list-style-type: none"> (a) Enquiring of management and obtaining additional evidence relevant to management’s responses; and (b) Performing other procedures as necessary in the circumstances.

Sampling

145. If the practitioner uses sampling as a means for selecting items for testing, the practitioner shall: (Ref: Para. A449)
- (a) Consider the purpose of the procedure and the characteristics of the population from which the sample will be drawn;
 - (b) Determine a sample size sufficient to reduce sampling risk to an appropriately low level; and

- (c) Select the sample, perform procedures on the items selected, and evaluate the results.

Estimates and Forward-Looking Information

Limited Assurance	Reasonable Assurance
<p>146L. In responding to assessed risks of material misstatement relating to disclosures involving estimates or forward-looking information the practitioner shall: (Ref: Para. A450–A452, A454–A455L)</p> <p>(a) Evaluate whether:</p> <ul style="list-style-type: none"> (i) Management has appropriately applied the requirements of the applicable criteria relevant to estimates or forward-looking information; (ii) The methods for developing estimates or forward-looking information are appropriate and have been applied consistently; and (iii) Changes, if any, in reported estimates or forward-looking information, or changes from the prior period in the method used for developing estimates or forward-looking information, are appropriate in the circumstances; and (Ref: Para. A459) <p>(b) Consider whether other procedures are necessary in the circumstances.</p>	<p>146R. In responding to assessed risks of material misstatement relating to disclosures involving estimates or forward-looking information, the practitioner shall: (Ref: Para. A450–A452, A454)</p> <p>(a) Evaluate whether management has appropriately applied the requirements of the applicable criteria relevant to estimates or forward-looking information; and (Ref: Para. A453R)</p> <p>(b) Undertake one or more of the following:</p> <ul style="list-style-type: none"> (i) Test how management developed the estimate or forward-looking information and the related disclosure(s), and the information on which the estimate or forward-looking information is based. In doing so, the practitioner shall evaluate whether: <ul style="list-style-type: none"> a. The method has been appropriately selected and applied, and any changes from prior periods are appropriate; (Ref: Para. A456R, A459) b. The assumptions used, including any changes from prior periods, are appropriate; and (Ref: Para. A457R, A459) c. The data, including any changes from prior periods, are appropriate; (Ref: Para. A458R, A459) (ii) Develop a point estimate or a range to evaluate management’s estimate. For this purpose, the practitioner shall: (Ref: Para.

Limited Assurance	Reasonable Assurance
	<p>A460R–A462R)</p> <p>a. Evaluate whether the methods, assumptions or data used are appropriate in the context of the criteria; and</p> <p>b. When the practitioner develops a range:</p> <p>i. Determine that the range includes only amounts that are supported by sufficient evidence and have been evaluated by the practitioner to be reasonable; and</p> <p>ii. Design and perform further procedures to obtain sufficient appropriate evidence regarding the assessed risk of material misstatement relating to the disclosures in the sustainability information that describe the uncertainty; or</p> <p>(iii) Obtain evidence from events occurring up to the date of the practitioner’s report.</p>

Revising the Risk Assessment in a Reasonable Assurance Engagement

147R. If the practitioner becomes aware of a matter or obtains new information that is inconsistent with the evidence on which the practitioner originally based the identification and assessment of the risks of material misstatement at the assertion level for the disclosures, the practitioner shall:

- (a) Revise, if necessary, the assessment of the risks of material misstatement; and
- (b) Perform additional procedures to obtain further evidence to enable the practitioner to express a reasonable assurance conclusion. (Ref: Para. A463R)

Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement

148L. If the practitioner becomes aware of a matter that causes the practitioner to believe the sustainability information may be materially misstated, the practitioner shall design and perform additional procedures to obtain further evidence until the practitioner is able to: (Ref: Para A464L–A467L)

- (a) Conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated; or

- (b) Determine that the matter(s) causes the sustainability information to be materially misstated.

The Entity's Process for Assembling the Sustainability Information

Limited Assurance	Reasonable Assurance
<p>149L. The practitioner's procedures shall include the following procedures related to the entity's process for assembling the sustainability information: (Ref: Para. A468)</p> <ul style="list-style-type: none"> (a) Agreeing or reconciling the sustainability information with the underlying records; and (b) Obtaining, through enquiry of management, an understanding of material adjustments made during the course of preparing the sustainability information and considering whether additional procedures are necessary in the circumstances. 	<p>149R. The practitioner's procedures shall include the following procedures related to the entity's process for assembling the sustainability information: (Ref: Para. A468)</p> <ul style="list-style-type: none"> (a) Agreeing or reconciling the sustainability information with the underlying records; and (b) Obtaining evidence about material adjustments made during the course of preparing the sustainability information.
	<p>150R. In responding to the risk of management override of controls in accordance with paragraph 123R, the practitioner shall design and perform the following procedures:</p> <ul style="list-style-type: none"> (a) Test the appropriateness of adjustments made by management in the process for assembling the sustainability information; (b) Make enquiries of individuals involved in the sustainability reporting process about their knowledge of inappropriate or unusual activity relating to adjustments to sustainability information; and (c) Determine whether other procedures are needed in addition to those in paragraphs (a)–(b) above, in order to respond to the risks of management override of controls. (Ref: Para. A469R)
<p>151L. For group sustainability information, the practitioner shall design and</p>	<p>151R. For group sustainability information, the practitioner shall design and perform further</p>

Limited Assurance	Reasonable Assurance
<p>perform further procedures to respond to the assessed risks of material misstatement arising from the aggregation process. Such procedures shall include:</p> <ul style="list-style-type: none"> (a) Obtaining, through enquiry of management, an understanding of how management has aggregated the information; (b) Determining that all entities have been included in the sustainability information as required by the applicable criteria; and (c) Considering whether management’s judgements made in the aggregation process give rise to indicators of possible management bias. 	<p>procedures to respond to the assessed risks of material misstatement arising from the aggregation process. Such procedures shall include:</p> <ul style="list-style-type: none"> (a) Obtaining an understanding of how management has aggregated the information; (b) Determining that all entities have been included in the sustainability information as required by the applicable criteria; and (c) Evaluating whether management’s judgements made in the aggregation process give rise to indicators of possible management bias.

Documentation

152. The practitioner shall include in the engagement documentation:

- (a) The overall responses in accordance with paragraphs 128L and 128R and the reasons for such responses;
- (b) The results of the further procedures, including the conclusions where these are not otherwise clear;
- (c) Identified or suspected fraud or non-compliance with laws and regulations and the procedures performed, the significant professional judgements made, and the conclusions reached thereon; and
- (d) When applicable, conclusions reached about whether it is appropriate to use evidence about the operating effectiveness of controls obtained in previous engagements.

Accumulation and Consideration of Identified Misstatements

Accumulation of Identified Misstatements

153. The practitioner shall accumulate misstatements identified during the engagement, other than those that are clearly trivial. (Ref: Para. A470–A476)

154. The practitioner shall: (Ref: Para. A477–A480)

- (a) Consider whether identified misstatements, either individually or in aggregate, may be due to fraud; and
- (b) Respond appropriately if there are indicators that there may be material misstatements due to fraud.

Consideration of Identified Misstatements as the Engagement Progresses

155. The practitioner shall determine whether the approach to the engagement needs to be revised if: (Ref: Para. A481)
- (a) The nature of identified misstatements and the circumstances of their occurrence indicate that other misstatements may exist that, when aggregated with misstatements accumulated during the engagement, could be material; or
 - (b) The misstatements accumulated during the engagement may, in the aggregate, result in the sustainability information being materially misstated.

Communicating and Correcting Misstatements

156. The practitioner shall communicate to management, on a timely basis, all misstatements accumulated during the assurance engagement, and shall request management to correct those misstatements. (Ref: Para. A482)
157. If, at the practitioner's request, management has examined the sustainability information and corrected misstatements that were detected, the practitioner shall perform additional procedures with respect to the work performed by management to determine whether material misstatements remain.
158. If management refuses to correct some or all of the misstatements communicated by the practitioner, the practitioner shall obtain an understanding of management's reasons for not doing so and shall consider that understanding when forming the practitioner's conclusion. (Ref: Para. A483)

Evaluating the Effect of Uncorrected Misstatements

159. Prior to evaluating the effect of uncorrected misstatements, the practitioner shall consider whether the results of procedures performed and evidence obtained indicate that materiality needs to be revised.
160. The practitioner shall determine whether uncorrected misstatements are material, individually or in the aggregate. In making this determination, the practitioner shall consider the size and nature of the misstatements, and the particular circumstances of their occurrence. (Ref: Para. A484–A498)

Documentation

161. The practitioner shall include in the engagement documentation:
- (a) All misstatements accumulated during the engagement, other than those that are clearly trivial, and whether they have been corrected (paragraphs 153 and 156); and
 - (b) The practitioner's conclusion as to whether uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion (paragraph 160).

Evaluating the Description of Applicable Criteria

162. The practitioner shall evaluate whether the sustainability information adequately references or describes the applicable criteria and the sources of those criteria. (Ref: Para. A499–A501)

Subsequent Events

163. The practitioner shall: (Ref: Para. A502–A504L)
- (a) Perform procedures to identify events occurring up to the date of the assurance report that may have an effect on the sustainability information and the assurance report; and
 - (b) Evaluate the sufficiency and appropriateness of evidence obtained about whether such events are appropriately reflected in that sustainability information in accordance with the applicable criteria.
164. The practitioner shall respond appropriately to facts that become known to the practitioner after the date of the assurance report, that, had they been known to the practitioner at that date, may have caused the practitioner to amend the assurance report. (Ref: Para. A505)

Written Representations from Management and Those Charged with Governance

165. The practitioner shall request from management and, where appropriate, those charged with governance a written representation: (Ref: Para. A506–A507)
- (a) That they have fulfilled their responsibility for the preparation of the sustainability information, including comparative information where appropriate, in accordance with the applicable criteria, as set out in the terms of the engagement;
 - (b) That they have provided the practitioner with all relevant information and access as agreed in the terms of the engagement and reflected all relevant matters in the sustainability information;
 - (c) Whether they believe the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the sustainability information. A summary of such items shall be included in, or attached to, the written representation;
 - (d) Whether they believe that significant assumptions used in making estimates and preparing forward-looking information are appropriate;
 - (e) That they have communicated to the practitioner all deficiencies in internal control relevant to the engagement that are not clearly trivial of which they are aware;
 - (f) Whether they have disclosed to the practitioner their knowledge of any fraud or suspected fraud or identified or suspected non-compliance with laws and regulations where the fraud or non-compliance could have a material effect on the sustainability information; and
 - (g) That they adjusted the sustainability information for or disclosed all events occurring subsequent to the date of the sustainability information and for which the applicable criteria require adjustment or disclosure.
166. If, in addition to the required representations, the practitioner determines that it is necessary to obtain one or more written representations to support other evidence relevant to the sustainability information, the practitioner shall request them.
167. When written representations relate to matters that are material to the sustainability information, the practitioner shall:
- (a) Evaluate their reasonableness and consistency with other evidence obtained, including other representations (oral or written); and
 - (b) Consider whether those making the representations can be expected to be well-informed on those matters.

168. The date of the written representations shall be as near as practicable to, but not after, the date of the assurance report.
169. If one or more of the requested written representations are not provided or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the practitioner shall:
- (a) Discuss the matter with management and, where appropriate, those charged with governance;
 - (b) Re-evaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations (oral or written) and evidence in general; and
 - (c) Take appropriate actions, including determining the possible effect on the conclusion in the assurance report.
170. The practitioner shall disclaim a conclusion on the sustainability information or withdraw from the engagement, when withdrawal is possible under applicable law or regulation, if:
- (a) The practitioner concludes that there is sufficient doubt about the integrity of the person(s) providing the written representations required by paragraphs 165(a) and (b) that written representations in these regards are not reliable; or
 - (b) The entity does not provide the written representations required by paragraphs 165(a) and (b).

Other Information

Obtaining the Other Information

171. The practitioner shall: (Ref: Para. A508–A511)
- (a) Identify the other information by determining, through discussion with management, the document or documents expected to be issued that will contain the sustainability information and the assurance report thereon, and the entity's planned manner and timing of the issuance of such document(s); and
 - (b) Make arrangements with management to obtain in a timely manner prior to the date of the assurance report, the final version of such document(s).

Reading and Considering the Other Information

172. The practitioner shall read the other information obtained prior to the date of the assurance report and, in doing so shall: (Ref: Para. A512–A513)
- (a) Consider whether there is a material inconsistency between the other information and the sustainability information;
 - (b) Consider whether there is a material inconsistency between the other information and the practitioner's knowledge obtained during the assurance engagement, in the context of evidence obtained and conclusions reached in the engagement; and
 - (c) Remain alert for indications that the other information, not related to the sustainability information or to the practitioner's knowledge obtained during the engagement, appears to be materially misstated.

Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated

173. If the practitioner identifies that a material inconsistency appears to exist or becomes aware that the other information appears to be materially misstated, the practitioner shall discuss the matter with management and, if necessary, perform other procedures to conclude whether:
- (a) A material misstatement of the other information exists;
 - (b) A material misstatement of the sustainability information exists; or
 - (c) The practitioner's understanding of the entity and its environment needs to be updated.
174. If the other information includes the entity's financial statements subject to audit and the practitioner identifies that a material inconsistency appears to exist between those financial statements and the sustainability information, or becomes aware that the financial statements appear to be materially misstated, the practitioner shall also communicate the matter to the auditor of the entity's financial statements, unless prohibited by law or regulation, or professional requirements.

Responding When the Practitioner Concludes That a Material Misstatement of the Other Information Exists

175. If the practitioner concludes that a material misstatement of the other information exists, the practitioner shall request management to correct the other information. If management: (Ref: Para. A514–A515)
- (a) Agrees to make the correction, the practitioner shall determine that the correction is made; or
 - (b) Refuses to make the correction, the practitioner shall communicate the matter to those charged with governance and request that the correction be made.
176. If the practitioner concludes that a material misstatement exists in the other information and it is not corrected after communicating with those charged with governance, the practitioner shall take appropriate action, including: (Ref: Para. A514–A515)
- (a) Considering the implications for the assurance report and communicating with those charged with governance about how the practitioner plans to address the material misstatement in the assurance report; or (Ref: Para. A516)
 - (b) If withdrawal is possible under applicable law or regulation, withdrawing from the engagement. (Ref: Para. A517)

Responding When a Material Misstatement of the Sustainability Information Exists or the Practitioner's Understanding of the Entity and Its Environment Needs to Be Updated

177. If, as a result of performing the procedures in paragraph 172, the practitioner concludes that a material misstatement of the sustainability information exists, or the practitioner's understanding of the entity and its environment needs to be updated, the practitioner shall respond appropriately. (Ref: Para. A518)

Forming the Assurance Conclusion

Evaluating the Evidence Obtained

178. The practitioner shall evaluate the sufficiency and appropriateness of the evidence

obtained, including evidence from the work performed by a practitioner's external expert, another practitioner or internal audit function, and, if necessary in the circumstances, attempt to obtain further evidence. In making this evaluation, the practitioner shall: (Ref: Para. A519–A522)

- (a) Evaluate whether the evidence obtained meets the intended purpose of the procedures; and
 - (b) Consider all evidence obtained, including evidence that is consistent or inconsistent with other evidence, and regardless of whether it appears to corroborate or to contradict the disclosures.
179. The practitioner shall evaluate whether judgements and decisions made by management in the estimates made and assumptions used in preparing the sustainability information, including with respect to forward-looking information, even if they are individually reasonable, are indicators of possible management bias. When indicators of possible management bias are identified, the practitioner shall evaluate the implications for the assurance engagement. Where there is intention to mislead, management bias is fraudulent in nature.
180. If the practitioner obtains evidence that is inconsistent with other evidence, the practitioner shall: (Ref: Para. A523–A526)
- (a) Determine what modifications or additions to procedures are necessary to understand and address the inconsistency; and
 - (b) Consider the effect, if any, on other aspects of the assurance engagement.

Concluding

181. The practitioner shall form a conclusion about whether the sustainability information is free from material misstatement, whether due to fraud or error. In forming that conclusion, the practitioner shall consider the practitioner's evaluation in paragraphs 178 and 179 regarding the sufficiency and appropriateness of evidence obtained and the determination in paragraph 160 of whether uncorrected misstatements are material, individually or in the aggregate. (Ref: Para. A527)
182. When the principles of fair presentation are embodied in the applicable criteria, the evaluation required by paragraph 181 shall also include consideration of: (Ref: Para. A528–A529)
- (a) The overall presentation, structure, and content of the sustainability information; and
 - (b) When appropriate in the context of the criteria, the wording of the practitioner's conclusion, or other engagement circumstances, whether the sustainability information represents the sustainability matters in a manner that achieves fair presentation.
183. If sustainability information prepared in accordance with a fair presentation framework does not achieve fair presentation, the practitioner shall discuss the matter with management and, depending on the requirements of the applicable framework and how the matter is resolved, shall determine whether it is necessary to modify the conclusion in the assurance report in accordance with paragraph 203.
184. If the sustainability information is prepared in accordance with compliance criteria, the practitioner is not required to evaluate whether the sustainability information achieves fair

presentation. However, if the practitioner concludes that such sustainability information is misleading, the practitioner shall discuss the matter with management and, depending on how it is resolved, shall determine whether, and how, to communicate it in the practitioner's report.

Scope Limitation

185. If the practitioner is unable to obtain sufficient appropriate evidence, a scope limitation exists, and the practitioner shall either: (Ref: Para. A530–A531)
- (a) Express a qualified conclusion;
 - (b) Disclaim a conclusion; or
 - (c) Withdraw from the engagement, if withdrawal is possible under applicable law or regulation, as appropriate.

Taking Overall Responsibility for Managing and Achieving Quality

186. Prior to dating the assurance report, the engagement leader shall:
- (a) Take responsibility for determining whether relevant ethical requirements, including independence, have been fulfilled.
 - (b) Determine, through review of engagement documentation and discussion with the engagement team, that sufficient appropriate evidence has been obtained to support the conclusions reached and for the assurance report to be issued.
 - (c) Review the sustainability information and the assurance report, to determine that the report to be issued will be appropriate in the circumstances.
 - (d) Determine that:
 - (i) The engagement leader's involvement has been sufficient and appropriate throughout the engagement such that the engagement leader has the basis for determining that the significant judgements made and the conclusions reached are appropriate given the nature and circumstances of the engagement; and (Ref: Para. A532–A534)
 - (ii) The nature and circumstances of the engagement, any changes thereto, and the firm's related policies or procedures have been taken into account in complying with the requirements of this ISSA (NZ).
 - (e) If the engagement is subject to an engagement quality review, determine that the engagement quality review has been completed.

Documentation

187. The practitioner shall include in the engagement documentation:
- (a) The basis for the engagement leader's determination in accordance with paragraph 186(b) that sufficient appropriate evidence has been obtained, including:
 - (i) The determination in accordance with paragraph 50(d) that the work of another practitioner is adequate for the practitioner's purposes;
 - (ii) The evaluation in accordance with paragraph 57 that the work of a practitioner's external expert is adequate for the practitioner's purposes;

- (iii) The determination in accordance with paragraph 59(e) that the work of the internal audit function is adequate for the practitioner’s purposes; and
 - (iv) If the practitioner identified information that was inconsistent with their final conclusion regarding a significant matter and how the practitioner addressed the inconsistency (see paragraph 180); and (Ref: Para. A535)
- (b) The basis for the engagement leader’s determination in accordance with paragraph 186(d)(i) that the engagement leader’s involvement has been sufficient and appropriate throughout the engagement. (Ref: Para. A536)

Preparing the Assurance Report

188. The assurance report shall be in writing and shall contain a clear expression of the practitioner’s reasonable assurance opinion or limited assurance conclusion about the sustainability information. (Ref: Para. A537–A538)
189. The practitioner’s conclusion shall be clearly separated from information or explanations that are not intended to affect the practitioner’s conclusion, including any:
- (a) Emphasis of Matter paragraphs;
 - (b) Other Matter paragraphs;
 - (c) Findings related to particular aspects of the engagement;
 - (d) Recommendations; or
 - (e) Additional information included in the assurance report.

The wording used shall make it clear that an Emphasis of Matter paragraph, Other Matter paragraph, findings, recommendations or additional information is not intended to detract from the practitioner’s conclusion. (Ref: Para. A537–A538)

Assurance Report Content

190. The assurance report shall include at a minimum the following basic elements: (Ref: Para. A539, A567–A569)
- (a) A title that clearly indicates the report is an independent practitioner’s limited, reasonable or combined limited and reasonable assurance report. (Ref: Para. A540)
 - (b) An addressee. (Ref: Para. A541)
 - (c) The practitioner’s conclusion in the first section of the assurance report, which: (Ref: Para. A542–A552)
 - (i) Includes a heading reflecting the type of conclusion provided, either:
 - a. For unmodified conclusions, “Reasonable Assurance Opinion,” “Limited Assurance Conclusion,” or appropriate headings for an assurance report for a combined reasonable assurance and limited assurance engagement; or
 - b. For modified conclusions, the heading in a. above shall be prefixed with “Qualified,” “Adverse,” or “Disclaimer of” as appropriate, and, for an assurance report for a combined reasonable and limited assurance engagement, clear identification of which opinion(s) or conclusion(s) is modified;

- (ii) Identifies the entity whose sustainability information has been subject to the assurance engagement;
- (iii) Identifies or describes the level of assurance, either reasonable or limited or different levels of assurance for different parts of the sustainability information, obtained by the practitioner; (Ref: Para. A542)
- (iv) Identifies or describes the sustainability information subject to the assurance engagement, including, if appropriate, the sustainability matters and how that information is reported; (Ref: Para. A543–A544)
- (v) Specifies the date of, or period or periods covered by the sustainability information;
- (vi) Expresses a conclusion, which: (Ref: Para. A545L–A547)
 - a. For reasonable assurance, shall be expressed in a positive form, that the sustainability information is prepared or fairly presented, in all material respects, in accordance with the applicable criteria; or
 - b. For limited assurance, shall be expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe that the sustainability information is not prepared or not fairly presented, in all material respects, in accordance with the applicable criteria;
- (vii) Identifies the applicable criteria, whether framework criteria, entity-developed criteria or both, and, for entity-developed criteria, where it is located; (Ref: A548–A551)
- (viii) The conclusion in paragraph 190(c)(vi) shall be phrased in terms of: (Ref: Para. A545L–A547)
 - a. The sustainability information and the applicable criteria; or
 - b. A statement made by the appropriate party(ies); and
- (ix) When appropriate, the conclusion shall inform the intended users of the context in which the practitioner’s conclusion is to be read. (Ref: Para. A552)
- (d) The basis for conclusion directly following the Conclusion section, with the heading “Basis for Opinion” for a reasonable assurance report, “Basis for Conclusion” for a limited assurance report, or appropriate heading(s) for an assurance report for a combined reasonable and limited assurance engagement that:
 - (i) States that the engagement was conducted in accordance with ISSA (NZ) 5000 *General Requirements for Sustainability Assurance Engagements*; (Ref: Para. A553)
 - (ii) For a limited assurance engagement, states that:

- a. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and
 - b. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed;
- (iii) Refers to the section of the assurance report that describes the practitioner's responsibilities in accordance with this ISSA (NZ) (see paragraph 190(h));
- (iv) States that the practitioner complies with the independence and other ethical requirements of:
- a. Professional and Ethical Standard 1 related to sustainability assurance engagements; or
 - b. Other professional requirements or requirements in law or regulation, and shall:
 - i. Identify those requirements; and
 - ii. Disclose the name of the appropriate authority that has determined such requirements to be at least as demanding as the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements;
- (v) If the relevant ethical requirements require the practitioner to publicly disclose when the practitioner applied independence requirements specific to sustainability assurance engagements of certain entities, the statement in accordance with part (iv) above shall indicate that the practitioner is independent of the entity in accordance with the independence requirements applicable to the sustainability assurance engagements of those entities; (Ref: Para. A554)
- NZ(v).1 A statement as to the existence of any relationship (other than undertaking the sustainability assurance engagement) which the practitioner has with, or any interests which the practitioner has in, the entity or any of its subsidiaries.
- (vi) States that the firm of which the practitioner is a member applies:
- a. Professional and Ethical Standard 3; or
 - b. Other professional requirements, or requirements in law or regulation, and shall:
 - i. Identify those requirements; and
 - ii. Disclose the name of the appropriate authority that has determined such requirements to be at least as demanding as Professional and Ethical Standard 3;
- (vii) States whether the practitioner believes that the evidence the practitioner has obtained is sufficient and appropriate to provide a basis for the practitioner's conclusion; and
- (viii) If the practitioner expresses a modified conclusion, provides a description of the matter(s) giving rise to the modification.

- (e) Where applicable, a section with a heading "Other Information," containing the matters in accordance with paragraph 202.
- (f) A section with the heading "Responsibilities for the Sustainability Information" that:
 - (i) States that management or those charged with governance, as appropriate, is responsible for: (Ref: Para. A555–A556)
 - a. The preparation and, if applicable, fair presentation of the sustainability information in accordance with the applicable criteria; and (Ref: Para. A557)
 - b. Designing, implementing and maintaining such internal controls that management determines is necessary to enable the preparation of sustainability information in accordance with the applicable criteria that is free from material misstatement, whether due to fraud or error; and
 - (ii) If those responsible for oversight of the process to prepare the sustainability information are different from those who fulfil the responsibilities described in (f)(i), identifies those responsible for oversight. (Ref: Para. A556)
- (g) If applicable, a section with the heading "Inherent Limitations in Preparing the Sustainability Information" that describes any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria, including inherent limitations relating to forward-looking information included in the sustainability information. (Ref: Para. A494, A558–A560 and A579)
- (h) A section with the heading "Practitioner's Responsibilities" that states that: (Ref: Para. A555)
 - (i) The objective of the practitioner is to plan and perform the assurance engagement to obtain limited or reasonable assurance, as applicable, about whether the sustainability information is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes a conclusion (for limited assurance) or opinion (for reasonable assurance);
 - (ii) Misstatements can arise from fraud or error, and:
 - a. Are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of intended users taken on the basis of the sustainability information; or
 - b. If materiality is defined or described differently in the applicable criteria, include such definition or description;
 - (iii) The practitioner exercises professional judgement and maintains professional scepticism throughout the engagement;
 - (iv) The practitioner performs risk assessment procedures, including obtaining:
 - a. For limited assurance: an understanding of internal controls relevant to the engagement to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. If the limited assurance report includes a conclusion on the effectiveness of internal control, the practitioner shall omit the

- phrase that the practitioner's consideration of internal control is not for the purpose of providing a conclusion on the effectiveness of the entity's internal control; or
- b. For reasonable assurance: an understanding of internal controls relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. If the reasonable assurance report includes an opinion on the effectiveness of internal control, the practitioner shall omit the phrase that the practitioner's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- (v) The practitioner designs and performs procedures:
 - a. For limited assurance: responsive to the assessed risks of material misstatement at the disclosure level; or
 - b. For reasonable assurance: responsive to the assessed risks of material misstatement at the assertion level for the disclosures;
 - (vi) The risk of not detecting a material misstatement due to fraud is higher than for one due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
 - (i) For limited assurance, a section, with the heading "Summary of Work Performed," that contains an informative summary of the work performed as a basis for the practitioner's conclusion. This section shall describe the nature, timing and extent of procedures performed sufficiently to enable users to understand the limited assurance the practitioner has obtained. (Ref: Para. A561–A565L)
 - (j) The practitioner's signature.
 - (k) The location in the jurisdiction where the engagement leader practices.
 - (l) The date of the assurance report. The assurance report shall be dated no earlier than the date on which: (Ref: Para. A566)
 - (i) The practitioner has obtained the evidence on which the practitioner's conclusion is based, including evidence that those with the recognised authority have asserted that they have taken responsibility for the sustainability information; and
 - (ii) When an engagement quality review is required in accordance with Professional and Ethical Standard 3 or the firm's policies or procedures, the engagement quality review is complete.

Name of the Engagement Leader in the Assurance Report

191. When the assurance report on sustainability information is for an FMC reporting entity considered to have a higher level of public accountability, the name of the engagement leader shall be included, unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. In the rare circumstances that the practitioner intends not to include the name of the engagement leader in the assurance report, the practitioner shall discuss this intention with those charged with governance to inform them of the practitioner's assessment of the likelihood and severity of a significant

personal security threat. (Ref: Para. A570–A572)

Reference to a Practitioner’s Expert in the Assurance Report

192. If the practitioner refers to the work of a practitioner’s expert in the assurance report, the wording of that report shall not identify the expert, unless required by law or regulation, or otherwise imply that the practitioner’s responsibility for the conclusion expressed in that report is reduced because of the involvement of that expert. (Ref: Para. A99, A573–A575)

Other Reporting Responsibilities

193. If the practitioner addresses other reporting responsibilities in the assurance report on the sustainability information that are in addition to the practitioner’s responsibilities under this ISSA (NZ), these other reporting responsibilities shall be addressed in a separate section in the assurance report with a heading “Report on Other Legal and Regulatory Requirements” or otherwise as appropriate to the content of the section. If these other reporting responsibilities address the same report elements as those presented under the reporting responsibilities required by this ISSA (NZ), the other reporting responsibilities may be presented in the same section as the related report elements required by this ISSA (NZ). (Ref: Para. A576–A577)
194. If other reporting responsibilities are presented in the same section as the related report elements required by this ISSA (NZ), the practitioner’s report shall clearly differentiate the other reporting responsibilities from the reporting that is required by this ISSA (NZ). (Ref: Para. A578)
195. If the assurance report contains a separate section that addresses other reporting responsibilities, the requirements of paragraph 190 shall be included under a section with a heading “[Limited, Reasonable, or Limited and Reasonable] Assurance Report on the Sustainability Information.” The “Report on Other Legal and Regulatory Requirements” shall follow the “[Limited, Reasonable, or Limited and Reasonable] Assurance Report on the Sustainability Information.” (Ref: Para. A578)
196. If the practitioner is required by law or regulation to use a specific layout or wording of the assurance report, the assurance report shall refer to this ISSA (NZ) only if the assurance report includes, at a minimum, each of the elements identified in paragraphs 190 and 191.

Engagements Conducted in Accordance with Both ISSA (NZ) 5000 and Other Assurance Standards

197. A practitioner may be required to conduct an assurance engagement in accordance with the assurance standards of a specific jurisdiction (the “other assurance standards”), and has additionally complied with this ISSA (NZ) in the conduct of the engagement. If this is the case, the assurance report may refer to this ISSA (NZ) in addition to the other assurance standards, but the practitioner shall do so only if:
- (a) There is no conflict between the requirements in the other assurance standards and those in this ISSA (NZ) that would lead the practitioner:
 - (i) to reach a different conclusion, or
 - (ii) not to include an Emphasis of Matter paragraph or Other Matter paragraph that, in the particular circumstances, is required by this ISSA (NZ); and
 - (b) The assurance report includes, at a minimum, each of the elements set out in

paragraphs 190 and 191 when the practitioner uses the layout or wording specified by the other assurance standards. The assurance report shall identify such other assurance standards, including the jurisdiction of origin of the other assurance standards.

Unmodified Conclusion

Limited Assurance	Reasonable Assurance
<p>198L. The practitioner shall express an unmodified limited assurance conclusion when the practitioner concludes, that, based on the procedures performed and evidence obtained, no matter(s) has come to the attention of the practitioner that causes the practitioner to believe that:</p> <p>(a) In the case of compliance criteria, the sustainability information is not prepared, in all material respects, in accordance with the applicable criteria; or</p> <p>(b) In the case of fair presentation criteria, the sustainability information is not fairly presented, in all material respects, in accordance with the applicable criteria.</p>	<p>198R. The practitioner shall express an unmodified reasonable assurance opinion when the practitioner concludes that:</p> <p>(a) In the case of compliance criteria, the sustainability information is prepared, in all material respects, in accordance with the applicable criteria; or</p> <p>(b) In the case of fair presentation criteria, the sustainability information is fairly presented, in all material respects, in accordance with the applicable criteria.</p>

Emphasis of Matter Paragraph and Other Matter Paragraph

199. If the practitioner considers it necessary to: (Ref: Para. A579–A582)

- (a) Draw intended users' attention to a matter presented or disclosed in the sustainability information that, in the practitioner's judgement, is of such importance that it is fundamental to intended users' understanding of that information (an Emphasis of Matter paragraph); or
- (b) Communicate a matter other than those that are presented or disclosed in the sustainability information that, in the practitioner's judgement, is relevant to intended users' understanding of the engagement, the practitioner's responsibilities or the assurance report (an Other Matter paragraph); and

this is not prohibited by law or regulation, the practitioner shall do so in a paragraph in the assurance report, with an appropriate heading, that clearly indicates the practitioner's conclusion is not modified in respect of the matter.

200. If the applicable criteria are designed for a specific purpose, the practitioner shall include an Emphasis of Matter paragraph that alerts readers to this fact, and that, as a result, the sustainability information may not be suitable for another purpose. (Ref: Para. A583–A584)

Other Information

201. If the practitioner has obtained the other information by the date of the assurance report, the assurance report shall include a separate section in accordance with paragraph 190(e), except when the practitioner disclaims a conclusion, in which case an “Other Information” section is not included. (Ref: Para. A585)
202. When the assurance report is required to include an Other Information section in accordance with paragraph 201, this section shall include:
- (a) A statement that management or those charged with governance, as appropriate, is responsible for the other information;
 - (b) An identification of other information obtained by the practitioner prior to the date of the assurance report;
 - (c) A statement that the practitioner’s conclusion does not cover the other information and, accordingly, that the practitioner does not provide a conclusion thereon; (Ref: Para. A586)
 - (d) A description of the practitioner’s responsibilities relating to reading, considering, and reporting on other information as required by this ISSA (NZ); and
 - (e) Either:
 - (i) A statement that the practitioner has nothing to report with respect to the other information; or
 - (ii) If the practitioner has concluded that there is an uncorrected material misstatement of the other information, a statement that describes the uncorrected material misstatement of the other information.

Modified Conclusion

203. The practitioner shall express a modified conclusion in the following circumstances:
- (a) When, in the practitioner’s professional judgement, a scope limitation exists, and the effect of the matter could be material. In such cases, the practitioner shall express a qualified conclusion or a disclaimer of conclusion. (Ref: Para. A587, A593L–A595)
 - (b) When, in the practitioner’s professional judgement, the sustainability information is materially misstated. In such cases, the practitioner shall express a qualified conclusion or adverse conclusion. (Ref: Para. A588–A590, A593L–A595)
204. The practitioner shall express a qualified conclusion when, in the practitioner’s professional judgement, the effects, or possible effects, of a matter are not so material and pervasive as to require an adverse conclusion or a disclaimer of conclusion. A qualified conclusion shall be expressed as being “except for” the effects, or possible effects, of the matter to which the qualification relates. (Ref: Para. A591–A594R)
205. If the practitioner expresses a modified conclusion because of a scope limitation, but is also aware of a matter(s) that causes the sustainability information to be materially misstated, the practitioner shall include in the assurance report a clear description of both the scope limitation and the matter(s) that causes that the sustainability information to be materially misstated.

206. If a statement made by management, or those charged with governance, as appropriate, in the sustainability information has identified and properly described that the sustainability information is materially misstated, the practitioner shall either:
- (a) Express a qualified conclusion or adverse conclusion phrased in terms of the sustainability information and the applicable criteria; or
 - (b) If specifically required by the terms of the engagement to phrase the conclusion in terms of a statement made by the appropriate party(ies), express an unqualified conclusion, but include an Emphasis of Matter paragraph in the assurance report referring to the statement made by the appropriate party(ies), that identifies and properly describes that the sustainability information is materially misstated.

Comparative Information

207. The practitioner shall determine whether the applicable criteria (or law or regulation) require comparative information to be included in the sustainability information and, if so, whether that comparative information is appropriately presented. (Ref: Para. A596)
208. In determining whether the comparative information is appropriately presented, the practitioner shall evaluate whether: (Ref: Para. A597–A598)
- (a) The comparative information is consistent with the disclosures presented in the prior period and, if not, any inconsistencies are addressed in accordance with the applicable criteria; and
 - (b) The criteria for measurement or evaluation of the sustainability information reflected in the comparative information are consistent with those applied in the current period or, if there have been changes, whether they have been properly applied and adequately disclosed.
209. If the comparative information is not referred to in the practitioner’s assurance conclusion and was not subject to an assurance engagement in the prior period, the practitioner shall state that fact in an Other Matter paragraph. Such a statement does not, however, relieve the practitioner of the requirements in paragraphs 207–208. (Ref: Para. A599–A600)
210. If the comparative information is not referred to in the practitioner’s conclusion and was subject to an assurance engagement in the prior period, the practitioner shall state in an Other Matter paragraph: (Ref: Para. A599–A600)
- (a) If the assurance engagement for the prior period had a different level of assurance or a different engagement scope than the current period, that fact and what those differences were; or
 - (b) If the assurance engagement for the prior period was conducted by a predecessor practitioner:
 - (i) That fact;
 - (ii) The type of conclusion provided by the predecessor practitioner;
 - (iii) If the conclusion was modified, the reasons for any modification; and
 - (iv) The date of that report.
211. Irrespective of whether the practitioner’s conclusion refers to the comparative information, if the practitioner becomes aware that there may be a material misstatement of the comparative information presented, the practitioner shall: (Ref: Para. A601)

- (a) Discuss the matter with management and perform procedures appropriate in the circumstances;
- (b) Consider the effect on the assurance report; and
- (c) If the comparative information presented contains a material misstatement, and the comparative information has not been restated:
 - (i) When the practitioner’s conclusion refers to the comparative information, the practitioner shall express a qualified conclusion or an adverse conclusion in the assurance report; or
 - (ii) When the practitioner’s conclusion does not refer to the comparative information, the practitioner shall include an Other Matter paragraph in the assurance report describing the circumstances affecting the comparative information.

Documentation

Matters Arising After the Date of the Assurance Report

212. If, in exceptional circumstances, the practitioner performs new or additional procedures or draws new conclusions after the date of the assurance report, the practitioner shall document: (Ref: Para. A602)
- (a) The circumstances encountered;
 - (b) The new or additional procedures performed, evidence obtained, and conclusions reached, and their effect on the assurance report; and
 - (c) When and by whom the resulting changes to engagement documentation were made and reviewed.

Application and Other Explanatory Material

Introduction

Sustainability Information (Ref: Para. 2–5)

- A1. Sustainability information is often intended to give insight into sustainability-related risks and opportunities for users to understand and evaluate the impacts of sustainability matters on the entity or the entity’s actual or potential impacts, positive or negative, on the environment, society or economy.
- A2. The framework criteria determine the principles and concepts regarding the measurement or evaluation of sustainability matters. Although the framework may not specify how to measure or evaluate all sustainability matters, it ordinarily embodies sufficient broad principles that can serve as a basis for the entity to select and apply reporting policies that are consistent with the underlying concepts in, and meet the objectives of, the requirements of the framework.
- A3. The entity’s process to identify sustainability information to be reported, including the identification and selection of the sustainability matters and the reporting boundary, may be required by the sustainability reporting framework or entity-developed criteria. Such a process may be referred to as the entity’s “materiality assessment,” or “materiality process,” among other terms, as the process involves the application of materiality in identifying which information relevant to the information needs of intended users is

material for the purposes of reporting. Appendix 2 illustrates how the entity’s process to identify sustainability information to be reported is considered by the practitioner throughout the engagement.

- A4. As described in paragraph 80, in connection with the acceptance and continuance of the assurance engagement, the practitioner is required to obtain a preliminary knowledge about the sustainability information to be reported, and whether the scope of the engagement encompasses all or part of that sustainability information.

Premises in this ISSA (NZ) (Ref: Para. 6–7)

- A5. Law, regulation or professional requirements in a jurisdiction 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 Professional and Ethical Standard 1 regarding relevant ethical requirements for assurance engagements, and Professional and Ethical Standard 3 regarding a firm’s responsibility for its system of quality management.

Ethical Requirements (Ref: Para. 6(a), 7)

- A6. As explained in paragraph A58, Professional and Ethical Standard 1 sets out the fundamental principles of ethics that establish the standards of behaviour expected of an assurance practitioner and establishes the International Independence Standards (New Zealand). The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Paragraph A59 describes the conceptual framework in Professional and Ethical Standard 1 that an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles. Paragraphs A60–A61 describe matters that may give rise to potential threats to compliance and that may affect or influence the practitioner’s independence.
- A7. Paragraph A62 explains that professional requirements, or requirements in law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements when they address the matters referred to in paragraphs A58–A61 and impose obligations that achieve the aims of the requirements set out in Professional and Ethical Standard 1 related to such engagements.

Quality Management (Ref: Para. 6(b), 7)

- A8. As explained in paragraph A68, this ISSA (NZ) has been written in the context of a range of measures taken to support the quality of assurance engagements. Such measures include a system of quality management implemented across the firm.
- A9. Paragraph A69 explains the responsibilities of the firm to design, implement and operate a system of quality management for assurance engagements, and paragraph A70 describes the components addressed by such a system that is designed in accordance with the requirements of Professional and Ethical Standard 3.
- A10. As explained in paragraph A73, professional requirements, or requirements in law or regulation that deal with the firm’s responsibilities to design, implement, and operate a system of quality management are at least as demanding as Professional and Ethical Standard 3 when they address all the matters referred to in paragraphs A69–A71 and impose obligations on the firm that achieve the aims of the objectives and requirements of Professional and Ethical Standard 3.

- A11. In accordance with Professional and Ethical Standard 3, the objective of the firm is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:
- (a) The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
 - (b) Engagement reports issued by the firm or engagement leaders are appropriate in the circumstances.

Scope of this ISSA (NZ)

Types and Presentation of Sustainability Information (Ref: Para. 8)

- A12. The sustainability information presented by an entity may be limited to certain matters, such as selected metrics, targets or key performance indicators. Alternatively, the sustainability information may cover many different aspects of topics as required by the sustainability reporting framework or by law or regulation, or that the entity chooses to present voluntarily.
- A13. Sustainability information may be presented in different ways, for example, in a separate sustainability report issued by the entity, as part of the entity's annual report (e.g., a separately identified report within the annual report, as part of the management report or management commentary), in an integrated report, or through some other reporting mechanism. Depending on the applicable criteria, the sustainability information may be for a single entity, or may include information for entities that are part of a group or other entities in the reporting entity's value chain.
- A14. In some circumstances, the sustainability reporting framework may permit sustainability information to be incorporated by reference from other sources, such as the audited financial statements or another section of a management report (i.e., a section other than that containing the sustainability information required to be reported). The information incorporated by reference may have been subject to an audit or an assurance engagement. If such information is within the scope of the sustainability assurance engagement, the practitioner responsible for the sustainability assurance engagement may intend to obtain evidence from the work performed by the financial statement auditor or another assurance practitioner. In these circumstances, the requirements in this ISSA (NZ) addressing using the work of another practitioner apply, including the requirement to communicate, to the extent necessary in the circumstances, about the findings from another practitioner's work.

Reasonable and Limited Assurance Engagements (Ref: Para. 9)

- A15. When the disclosures relate to a number of aspects of topics, separate conclusions may be provided on each aspect. Each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in the ISSAs (NZ) to the conclusion in the assurance report include each conclusion when separate conclusions are provided.

Definitions (Ref: Para. 18)

Assertions

- A16R. Assertions are used by practitioners to consider the different types of potential misstatements that may occur when identifying and assessing, and responding to, the risks

of material misstatement in a reasonable assurance engagement. Examples of assertions are provided in paragraph A415R.

Component

A17. The framework criteria may specify that the sustainability information to be reported should be for the same reporting entity as the related financial statements (see also paragraph A35). For purposes of the ISSAs (NZ), components that include entities or business units required to be included in the reporting entity's group financial statements (e.g., subsidiaries of a parent entity) are referred to as group components. The framework criteria may also require the sustainability information to be extended to include information from other entities that are part of the reporting entity's upstream or downstream value chain. For purposes of the ISSAs (NZ), components that include such entities are referred to as value chain components.

Component Practitioner

A18. A component practitioner may comprise individuals from a network firm, a firm that is not a network firm, or another office within the practitioner's firm.

A19. In limited circumstances, the practitioner may be able to be sufficiently and appropriately involved in the work of another firm at a value chain component. For example, the reporting entity may have a direct business relationship with a supplier that allows management to arrange for the practitioner to obtain access to information at that entity or access to the firm that has performed work on that information. In those circumstances, if the practitioner intends to use such work and is able to be sufficiently and appropriately involved in the work, the other firm is a component practitioner for purposes of the ISSAs (NZ).

Criteria

A20. The criteria, particularly framework criteria, may include guidance about the sustainability matters (including the topics and aspects of topics) to be reported. The criteria also may establish how those sustainability matters are to be measured or evaluated, and how they are to be presented or disclosed.

Disclosure(s)

A21. The term "disclosure(s)" is used in this ISSA (NZ) in the context of sustainability assurance engagements and refers to sustainability information about an aspect of a topic. Accordingly, it is not intended to have the same meaning as "financial statement disclosures" as defined or described in financial reporting frameworks.

A22. Appendix 1 explains the relationship between sustainability matters, sustainability information and the related disclosures. Disclosure(s) may include quantitative or qualitative information and can vary in form and length. Management's disclosures provide a starting point in considering whether and how certain disclosures may be combined by the practitioner for the purpose of planning and performing the engagement (see also paragraphs A285–A287).

Engagement Leader

A23. The individual appointed as the engagement leader may be a partner or another senior staff member in the firm (e.g., a director or principal). Whether the individual is permitted to be an engagement leader in accordance with this ISSA (NZ) depends on how the firm

assigns responsibilities, and whether law, regulation or professional requirements include requirements that specify who may be permitted to accept responsibility for the engagement.

- A24. The term engagement leader in this ISSA (NZ) is the equivalent of “engagement partner” in Professional and Ethical Standard 3.

Engagement Risk

- A25. Engagement risk does not refer to, or include, the practitioner’s business risks, such as loss from litigation, adverse publicity, or other events arising in connection with particular sustainability matters.

- A26. In general, engagement risk can be represented by the following components:

- (a) Risks that the practitioner does not directly influence, which consist of:
 - (i) The susceptibility of the sustainability information to a material misstatement before consideration of any related controls applied by the entity (inherent risk); and
 - (ii) The risk that a material misstatement that occurs in the sustainability information will not be prevented, or detected and corrected, on a timely basis by the entity’s internal control (control risk); and
- (b) The risk that the practitioner does directly influence, which is the risk that the procedures performed by the practitioner will not detect a material misstatement (detection risk).

- A27R. Reducing engagement risk to zero is very rarely attainable or cost-beneficial. Therefore, reasonable assurance is less than absolute assurance due to factors such as the following:

- The use of selective testing.
- The inherent limitations of internal control.
- The fact that much of the evidence available to the practitioner is persuasive rather than conclusive.
- The use of professional judgement in gathering and evaluating evidence and forming conclusions based on that evidence.
- In some cases, the characteristics of the sustainability matters (e.g., forward-looking information).

Engagement Team

- A28. The engagement team includes personnel, which includes any internal experts, and, if applicable, component practitioners. Another practitioner is not part of the engagement team.

- A29. Internal auditors who provide direct assistance refers to the use of internal auditors to perform procedures under the direction, supervision and review of the practitioner. Although they may perform procedures similar to those performed by the practitioner, such internal auditors are not independent of the entity as is required of the practitioner. They are therefore not members of the engagement team. In some jurisdictions, the practitioners may be prohibited, or restricted to some extent, by law or regulation from using the work of the internal audit function or using internal auditors to provide direct assistance.

Entity

- A30. An example of an identifiable portion of a legal or economic entity is a single factory or other form of facility, such as a landfill site.

Firm

- A31. The legal nature of the organisation performing the assurance engagement may take many forms and may not be described as a firm.

Fraud

- A32. Although some form of management bias is inherent in subjective decisions relating to sustainability information, when there is intention to mislead, management bias is fraudulent in nature.
- A33. Paragraphs A323, A473 and A479 provide examples of matters related to material misstatements due to fraud or management bias in sustainability information, examples of where or how misstatements in sustainability information may arise and examples of misstatements due to fraud in sustainability information, respectively.

Group

- A34. A single legal entity organised with branches or divisions is also a group for purposes of this ISSA (NZ) if the sustainability information for those branches and divisions is included in the single legal entity's sustainability information through an aggregation process.

Group Sustainability Information

- A35. The framework criteria may specify that the sustainability information to be reported should be for the same reporting entity as the related financial statements. For example, if consolidated financial statements are required to be prepared in accordance with the applicable financial reporting framework, then the sustainability information would include information for the same entities or business units included in the consolidated financial statements. The criteria may also require the sustainability information to be extended to include information from other entities that are part of the upstream or downstream value chain. Such sustainability information, including information from the value chain, is referred to as "group sustainability information" in the ISSAs (NZ).

Intended Users

- A36. Examples of intended users include shareholders, investors, lenders and other creditors who may use sustainability information to make resource allocation decisions. Other intended users who may be interested in the sustainability information reported by the organisation include consumers, taxpayers, employees, competitors, prudential authorities, central banks and bodies in charge of financial stability oversight, those granting public contracts, partners, suppliers, community, Indigenous Peoples, government, regulators, and interest groups.
- A37. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly when a large number of people have access to it. In such cases, particularly when possible users are likely to have a broad range of interests in the sustainability matters, intended users may be limited to major stakeholders with significant and common interests. Intended users may be identified in different ways, for

example, by agreement between the practitioner and management or those charged with governance, or by law or regulation.

- A38. In some cases, specific users (for example, lenders) may request the appropriate party(ies) to arrange for an assurance engagement to be performed on sustainability information that has been prepared using criteria that are designed for a specific purpose. When engagements use criteria that are designed for a specific purpose, paragraph 200 requires a statement alerting readers to this fact. In addition, the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, this may be achieved by restricting the distribution or use of the assurance report (see paragraph A584).

Partner

- A39. As noted in paragraph A31, the entity performing the assurance engagement may not be described as a firm. Therefore, the individual with authority to bind the organisation with respect to the performance of the engagement may not carry the title of partner.

Reporting Boundary

- A40. In some cases, framework criteria may specify the reporting boundary. In other circumstances, the reporting boundary may be determined by the entity, in which case the reporting boundary will be part of the entity-developed criteria. The reporting boundary may vary for different topics or aspects of topics (e.g., some key performance indicators may have different boundaries from other key performance indicators because of the nature of the sustainability matters).
- A41. Although the entity's sustainability information and financial statements may relate to the same reporting entity, the reporting boundary for sustainability information may differ from the boundary for purposes of preparing financial statements. For example, the reporting boundary for sustainability information may include activities, operations, relationships, or resources up and down the entity's value chain. An entity's supply chain is part of the value chain.

Substantive Procedures

- A42. Analytical procedures performed to respond to an assessed risk of material misstatement are substantive in nature and therefore this ISSA (NZ) requires the practitioner to develop an expectation as the basis for evaluating the results of those procedures (see paragraphs 143L and 143R). Analytical procedures may also be used as risk assessment procedures to help identify inconsistencies, unusual events or conditions, and amounts, ratios, and trends that indicate matters that may have implications for the engagement. Unusual or unexpected relationships that are identified may assist the practitioner in identifying risks of material misstatement, including risks of material misstatement due to fraud.

Sustainability Information

- A43. As explained in paragraph 2, sustainability information is information about sustainability matters and may cover a number of topics and aspects of those topics. Paragraph 2 also explains that law or regulation or sustainability reporting frameworks may describe sustainability matters, topics or aspects of topics in different ways. Examples of topics and aspects of topics include the following:

Topics	
<i>Environmental</i>	<ul style="list-style-type: none"> • Climate, including emissions • Energy, such as type of energy and consumption • Water and effluents, such as water consumption and water discharge • Biodiversity, such as impacts on biodiversity or habitats protected and restored
<i>Social</i>	<ul style="list-style-type: none"> • Labour practices, such as diversity and equal opportunity, training and education, and occupational health and safety • Human rights and community relations, such as local community engagement, impact assessments and development programmes • Customer health and safety
<i>Governance</i>	<ul style="list-style-type: none"> • Monitoring, managing and overseeing sustainability matters and their related impacts
Aspects of Topics	
<ul style="list-style-type: none"> • Impact analysis, including magnitude of impact • Strategy and business model • Risks and opportunities • Innovation to address risks and opportunities • Financial effects arising from risks and opportunities • Risk management or mitigation • Governance • Metrics and key performance indicators • Targets • Internal control over monitoring and managing risk • Scenario analysis 	

A44. As explained in paragraph 5, the scope of the assurance engagement may not extend to the entirety of the sustainability information reported. Therefore, for purposes of the ISSAs (NZ), the term “sustainability information” is to be read as the information that is subject to assurance. 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.

Sustainability Matters

A45. Law or regulation or sustainability reporting frameworks may define or describe sustainability matters in different ways. Depending on the criteria, sustainability matters may address:

- The impacts on the entity’s strategy, business model or performance;
- The impacts of the entity’s activities, products and services on the environment, society or economy; or
- The entity’s sustainability policies, plans, goals or targets.

A46. In addition to impacts, the criteria may also refer to risks and opportunities (e.g., how sustainability-related risks and opportunities could reasonably be expected to affect the entity’s prospects) or dependencies (e.g., resources and relationships throughout the entity’s value chain that may affect the entity’s strategy or business model).

Conduct of an Assurance Engagement in Accordance with the ISSAs (NZ)

Complying with Standards that Are Relevant to the Engagement (Ref: Para. 19–20)

- A47. In some cases, another ISSA (NZ) is also relevant to the engagement. Another ISSA (NZ) is relevant to the engagement when that ISSA (NZ) is in effect, the subject matter of the ISSA (NZ) is relevant to the engagement, and the circumstances addressed by the ISSA (NZ) exist.
- A48. The ISAs (NZ)⁵ and ISREs (NZ)⁶ have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process for practitioners undertaking a sustainability assurance engagement in accordance with this ISSA (NZ).

Text of an ISSA (NZ) (Ref: Para. 21)

- A49. ISSAs (NZ) contain the objectives of the practitioner in following the ISSA (NZ), and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the ISSA (NZ), and definitions.
- A50. The objectives in an ISSA (NZ) provide the context in which the requirements of the ISSA (NZ) are set, and are intended to assist in:
- (a) Understanding what is to be accomplished; and
 - (b) Deciding whether more needs to be done to achieve the objectives.

The proper application of the requirements of an ISSA (NZ) by the practitioner is expected to provide a sufficient basis for the practitioner’s achievement of the objectives. However, because the circumstances of assurance engagements vary widely, and all such circumstances cannot be anticipated in the ISSA (NZ), the practitioner is responsible for determining the procedures necessary to fulfil the requirements of relevant ISSAs (NZ), and to achieve the objectives stated therein. In the circumstances of an engagement, there may be particular matters that require the practitioner to perform procedures in addition to those required by relevant ISSAs (NZ) to meet the objectives specified in those ISSAs (NZ).

- A51. The requirements of ISSAs (NZ) are expressed as “shall.”

⁵ ISAs (NZ), *International Standards on Auditing (New Zealand)*

⁶ ISREs (NZ), *International Standards on Review Engagements (New Zealand)*

- A52. Where necessary, the application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. In particular, it may:
- Explain more precisely what a requirement means or is intended to cover.
 - Include examples that may be appropriate in the circumstances.

While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in an ISSA (NZ). Where appropriate, additional considerations specific to public sector entities or smaller or less complex entities are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in the ISSAs (NZ). They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in an ISSA (NZ).

- A53. Definitions are provided in an ISSA (NZ) to assist in the consistent application and interpretation of the ISSA (NZ) and are not intended to override definitions that may be established for other purposes, whether by laws, regulations or otherwise.
- A54. Appendices form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related ISSA (NZ) or within the title and introduction of the appendix itself.

Complying with Relevant Requirements (Ref: Para. 22–23)

- A55. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements.
- A56. The requirements of this ISSA (NZ) and any other relevant ISSAs (NZ) are designed to enable the practitioner to achieve the objectives specified in the ISSA (NZ), and thereby the overall objectives of the practitioner. Accordingly, other than in exceptional circumstances, the practitioner is required to comply with each requirement that is relevant in the circumstances of the assurance engagement.

Documentation of a Departure from a Relevant Requirement (Ref: Para. 24)

- A57. The engagement documentation requirements apply only to requirements that are relevant in the circumstances. A requirement is not relevant only in the cases when the requirement is conditional and the condition does not exist (for example, the requirement to modify the practitioner's conclusion when there is an inability to obtain sufficient appropriate evidence, and there is no such inability).

Acceptance and Continuance of the Assurance Engagement

Relevant Ethical Requirements, Including Those Related to Independence (Ref: Para. 26(a), 34–37)

- A58. Professional and Ethical Standard 1 sets out the fundamental principles of ethics that establish the standards of behaviour expected of an assurance practitioner and establishes the International Independence Standards (New Zealand). The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Professional and Ethical Standard 1 also specifies the required approach for a professional accountant to comply with the fundamental principles and, when applicable, the International Independence Standards (New Zealand). Law or

regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.

- A59. Professional and Ethical Standard 1 provides a conceptual framework which an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles, including:
- (a) Identifying threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:
 - (i) Self-interest;
 - (ii) Self-review;
 - (iii) Advocacy;
 - (iv) Familiarity; and
 - (v) Intimidation;
 - (b) Evaluating whether the threats identified are at an acceptable level; and
 - (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.
- A60. Professional and Ethical Standard 1 sets out requirements and application material on various topics that may give rise to potential threats to compliance, including:
- Conflicts of interest.
 - Professional appointments.
 - Second opinions.
 - Fees and other types of remuneration.
 - Inducements, including gifts and hospitality.
 - Custody of client assets.
 - Responding to non-compliance with laws and regulations.
- A61. Professional and Ethical Standard 1 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 scepticism. The International Independence Standards (New Zealand) in Professional and Ethical Standard 1 address various matters that may affect or influence the practitioner's independence, including:
- Fees.
 - Gifts and hospitality.
 - Actual or threatened litigation.
 - Financial interests.
 - Loans and guarantees.
 - Business relationships.

- Family and personal relationships.
 - Recent service with an assurance client.
 - Serving as a director or officer of an assurance client.
 - Employment with an assurance client.
 - Long association of personnel with an assurance client.
 - Provision of non-assurance services to an assurance client.
- A62. Professional requirements, or requirements in law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the provisions of Professional and Ethical Standard 1 related to sustainability assurance engagements when they address all the matters referred to in paragraphs A58–A61 and impose obligations that achieve the aims of the requirements set out in Professional and Ethical Standard 1 related to such engagements.
- A63. An appropriate authority could be a national standard setter, regulator, or oversight body with responsibility for audit, assurance or related relevant ethical requirements, or a designated accreditation organisation recognised by a public authority.

Considerations Specific to Public Sector Entities (Ref: Para. 26(a), 34)

- A64. Statutory measures may provide safeguards for the independence of public sector practitioners. However, public sector practitioners or firms carrying out public sector assurance engagements may, depending on the terms of the mandate in a particular jurisdiction, need to adapt their approach to promote compliance with paragraph 34. This may include, where the public sector mandate does not permit withdrawal from the engagement, disclosure through a public report of circumstances that have arisen that would, if they were in the private sector, lead the practitioner to withdraw.

Engagement Leader Responsibilities for Acceptance and Continuance (Ref: Para. 28)

- A65. Under Professional and Ethical Standard 3, for acceptance and continuance decisions, the firm is required to make judgements about the firm's ability to perform the engagement in accordance with professional requirements and applicable legal and regulatory requirements. The engagement leader may use the information considered by the firm in this regard in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and engagements are appropriate. If the engagement leader has concerns regarding the appropriateness of the conclusions reached, the engagement leader may discuss the basis for those conclusions with those involved in the acceptance and continuance process.
- A66. If the engagement leader is directly involved throughout the firm's acceptance and continuance process, the engagement leader will be aware of the information obtained or used by the firm in reaching the related conclusions. Such direct involvement may also provide a basis for the engagement leader's determination that the firm's policies or procedures have been followed and that the conclusions reached are appropriate.
- A67. When the firm is obligated by law or regulation to accept or continue an assurance engagement, the engagement leader may take into account information obtained by the firm about the nature and circumstances of the engagement.

Firm-level Quality Management (Ref: Para. 30)

A68. This ISSA (NZ) has been written in the context of a range of measures taken to support the quality of sustainability assurance engagements. Such measures include:

- 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., Professional and Ethical Standard 3, or professional requirements, or requirements in law or regulation, that are at least as demanding.
- When applicable, in accordance with Professional and Ethical Standard 3, performance of engagement quality reviews in accordance with Professional and Ethical Standard 4.⁷
- A comprehensive set of ethical requirements, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A69. Professional and Ethical Standard 3 deals with the firm's responsibilities to design, implement and operate a system of quality management for assurance engagements. It sets out the responsibilities of the firm for establishing quality objectives, identifying and assessing risks to the achievement of the quality objectives, and designing and implementing responses to address such risks, including certain specified responses. The specified responses in Professional and Ethical Standard 3 include the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. Professional and Ethical Standard 4 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.

A70. A system of quality management addresses the following eight components:

- (a) The firm's risk assessment process;
- (b) Governance and leadership;
- (c) Relevant ethical requirements;
- (d) Acceptance and continuance of client relationships and specific engagements;
- (e) Engagement performance;
- (f) Resources;
- (g) Information and communication; and
- (h) The monitoring and remediation process.

Firms or national requirements may use different terminology or frameworks to describe the components of the system of quality management.

A71. A firm's system of quality management includes establishing a monitoring and remediation process designed to:

- Provide the firm with relevant, reliable and timely information about the design, implementation, and operation of the system of quality management.
- Take appropriate actions to respond to identified deficiencies such that deficiencies

⁷ Professional and Ethical Standard 4, *Engagement Quality Reviews*

are remediated by the firm on a timely basis.

A72. Ordinarily, the engagement team may depend on the firm's system of quality management unless:

- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
- Information provided by the firm or other parties about the effectiveness of such policies or procedures suggests otherwise.

For example, the engagement team may depend on the firm's system of quality management in relation to:

- Competence and capabilities of personnel through their recruitment and formal training.
- Independence through the accumulation and communication of relevant independence information.
- Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and assurance engagements.
- Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

A73. Professional requirements, or requirements in law or regulation, that deal with the firm's responsibilities to design, implement, and operate a system of quality management are at least as demanding as Professional and Ethical Standard 3 when they address all the matters referred to in paragraphs A69–A71 and impose obligations on the firm that achieve the aims of the objectives and requirements of Professional and Ethical Standard 3.

A74. An appropriate authority could be a national standard setter, regulator, or oversight body with responsibility for audit, assurance or related relevant ethical requirements, or a designated accreditation organisation recognised by a public authority.

Engagement-level Quality Management

Overall Responsibility for Managing and Achieving Quality (Ref: Para. 31–32)

A75. Taking overall responsibility for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement may be demonstrated by the engagement leader in various ways, including:

- Involvement in the acceptance and continuance process to be able to determine that the firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed.
- The engagement being planned and performed (including appropriate direction and supervision of engagement team members) in accordance with professional standards or requirements and applicable legal and regulatory requirements.
- Reviews being performed in accordance with the firm's policies or procedures and reviewing the engagement documentation on or before the date of the assurance report.
- Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner's objectives, and that the engagement was

performed in accordance with this ISSA (NZ) and relevant legal and regulatory requirements.

- Appropriate consultation being undertaken by the engagement team on difficult or contentious matters.

A76. The engagement leader remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISSA (NZ). The term “the engagement leader shall take responsibility for...” is used for those requirements that the engagement leader is permitted to assign the design or performance of procedures, tasks or actions to appropriately skilled or suitably experienced members of the engagement team. For requirements in this ISSA (NZ) that state “the engagement leader shall...”, this ISSA (NZ) expressly intends that the requirement or responsibility be fulfilled by the engagement leader. In such circumstances, the engagement leader may obtain information from the firm or other members of the engagement team in fulfilling the requirement.

A77. Professional and Ethical Standard 3 requires the firm to establish quality objectives that address the firm’s governance and leadership that supports the design, implementation and operation of the system of quality management. The engagement leader’s responsibility for managing and achieving quality is supported by a firm culture that demonstrates a commitment to quality. A culture that demonstrates a commitment to quality is further shaped and reinforced by the engagement team members as they demonstrate expected behaviours when performing the engagement.

A78. The actions of the engagement leader, and appropriate messages to the other members of the engagement team, emphasise the fact that quality is essential in performing an assurance engagement, and the importance to the quality of the assurance engagement of:

- (a) Performing work that complies with professional standards and relevant legal and regulatory requirements.
- (b) Complying with the firm’s policies or procedures as applicable.
- (c) Issuing a report for the engagement that is appropriate in the circumstances.
- (d) The engagement team’s ability to raise concerns without fear of reprisals.

A79. Being sufficiently and appropriately involved throughout the engagement when procedures, tasks or actions have been assigned to other members of the engagement team may be demonstrated by the engagement leader in different ways, including:

- Informing assignees about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and to provide any other necessary instructions and relevant information.
- Direction and supervision of the assignees.
- Review of the assignees’ work to evaluate the conclusions reached, in addition to the requirements in paragraphs 46–49.

Application of Firm Policies or Procedures by Members of the Engagement Team (Ref: Para. 32)

A80. Within the context of the firm’s system of quality management, engagement team members from the firm are responsible for implementing the firm’s policies or procedures that are applicable to the engagement. As engagement team members from another firm are neither partners nor staff of the engagement leader’s firm, they may not be subject to the firm’s system of quality management or the firm’s policies or procedures. Further, the policies or procedures of another firm may not be similar to that of the engagement

leader's firm. For example, policies or procedures regarding direction, supervision and review may be different, particularly when the other firm is in a jurisdiction with a different legal system, language or culture than that of the engagement leader's firm. Accordingly, if the engagement team includes individuals from another firm, different actions may need to be taken by the firm or the engagement leader to implement the firm's policies or procedures in respect of the work of those individuals. For example, individuals who are not personnel may not be able to complete independence declarations directly on the firm's independence systems. The firm's policies or procedures may state that such individuals can provide evidence of their independence in other ways, such as written confirmation.

Characteristics of the Engagement Leader (Ref: Para. 33)

- A81. Professional and Ethical Standard 3 requires the firm to establish quality objectives that engagement team members are assigned to each engagement, including an engagement leader, who have appropriate competence and capabilities to consistently perform quality engagements.
- A82. Sufficient sustainability competence provides the engagement leader with the ability to:
- Ask appropriate questions of a practitioner's expert and evaluate whether the answers are judged to be reasonable in the engagement circumstances;
 - Evaluate a practitioner's expert's work and, to the extent necessary, integrate it with the work of the engagement team as a whole; and
 - Take responsibility for the conclusions reached on the engagement.
- A83. What constitutes sufficient sustainability competence depends on the engagement circumstances and differs from engagement to engagement. Whether the engagement leader has sufficient sustainability competence in order to accept responsibility for the conclusions reached on the engagement is a matter of professional judgement, and may involve consideration of factors such as:
- The judgement involved in evaluating whether the criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances.
 - The judgement involved in determining whether the sustainability information in the scope of the assurance engagement is appropriate.
 - The nature and complexity of the sustainability matters.
 - The extent to which the sustainability matters are capable of precise measurement or whether there is a high degree of measurement uncertainty that may need significant knowledge and judgement.
 - The engagement leader's and engagement team's competence and previous experience in relation to sustainability matters.

Relevant Ethical Requirements, Including Those Related to Independence

Engagement Leader Responsibilities for Relevant Ethical Requirements (Ref: Para. 35–37)

- A84. Open and robust communication between the members of the engagement team about relevant ethical requirements may also assist in:
- Drawing the attention of engagement team members to relevant ethical requirements that may be of particular significance to the assurance engagement;

and

- Keeping the engagement leader informed about matters relevant to the engagement team's understanding and fulfilment of relevant ethical requirements and the firm's related policies or procedures.

A85. In accordance with Professional and Ethical Standard 3, the firm's responses to address the quality risks in relation to relevant ethical requirements, including those related to independence for engagement team members, include policies or procedures for identifying, evaluating and addressing threats to compliance with the relevant ethical requirements.

A86. Appropriate actions the firm may take to address threats to compliance with relevant ethical requirements may include, for example:

- Following the firm's policies or procedures regarding breaches of relevant ethical requirements, including communicating to or consulting with the appropriate individuals so that appropriate action can be taken, including as applicable, disciplinary action(s).
- Communicating with those charged with governance.
- Communicating with regulatory authorities or professional bodies. In some circumstances, communication with regulatory authorities may be required by law or regulation.
- Seeking legal advice.
- Withdrawing from the assurance engagement, when withdrawal is possible under applicable law or regulation.

Assurance Skills and Techniques, Professional Scepticism and Professional Judgement

Professional Scepticism (Ref: Para. 39)

A87. Professional scepticism is an attitude that includes being alert to, for example:

- Evidence that is inconsistent with other evidence obtained.
- Information that calls into question the reliability of responses to enquiries or information intended to be used as evidence.
- Circumstances that suggest the need for procedures in addition to those required by relevant ISSAs (NZ).
- Conditions that may indicate likely misstatement.
- Conditions that may indicate possible fraud.

A88. Professional scepticism is necessary for the critical assessment of evidence. This includes questioning inconsistent evidence and the reliability of responses to enquiries and information intended to be used as evidence. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the circumstances. Maintaining professional scepticism throughout the engagement is necessary if the practitioner is, for example, to reduce the risks of:

- Overlooking unusual circumstances.
- Overgeneralising when drawing conclusions from observations.
- Using inappropriate assumptions in determining the nature, timing and extent of the

procedures, and evaluating the results thereof.

- A89. Unless the engagement involves assurance about whether documents are genuine, the practitioner may accept records and documents as genuine unless the practitioner has reason to believe the contrary. Nevertheless, the practitioner is required by paragraph 90 to consider the reliability of information intended to be used as evidence.
- A90. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional scepticism.
- A91. Impediments to the exercise of professional scepticism at the engagement level may include, but are not limited to:
- Budget constraints, which may discourage the use of sufficiently experienced or technically qualified resources, including experts, when needed.
 - Tight deadlines, which may negatively affect the behaviour of those who perform the work as well as those who direct, supervise and review that work.
 - Lack of cooperation or undue pressures imposed by management, which may negatively affect the engagement team's ability to resolve complex or contentious issues.
 - Insufficient understanding of the entity and its environment, its system of internal control and the applicable criteria.
 - Difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others, which may cause the engagement team to bias the selection of sources of evidence and seek evidence from sources that are more easily accessible.
 - Overreliance on automated tools and techniques, which may result in the engagement team not critically assessing evidence.
 - Circumstances when there is no one generally accepted way in which to measure or evaluate the sustainability matters and report the sustainability information, which may result in practitioners being less willing to question management's approach.
 - Complexity of the engagement. The larger, more complex and more diverse the entity (e.g., the greater its geographical spread, and the more dependent it is on a long and diverse supply chain), the more challenging it may be to understand and evaluate:
 - Whether the sustainability matters are appropriate in the engagement circumstances; and
 - How much prominence should be given to each disclosure in the context of the sustainability information as a whole.
- A92. Possible actions that the engagement team may take to mitigate impediments to the exercise of professional scepticism at the engagement level may include:
- Remaining alert to changes in the nature or circumstances of the engagement that necessitate requesting additional or different resources for the engagement.
 - Explicitly alerting the engagement team to instances or situations when vulnerability to unconscious or conscious biases may be greater (e.g., areas involving greater judgement).

- Changing the composition of the engagement team, for example, requesting that more experienced individuals with greater skills or knowledge or specific expertise are assigned to the engagement.
- Involving more experienced members of the engagement team in more complex areas of the engagement or when dealing with members of management who are difficult or challenging to interact with.
- Involving members of the engagement team with specialised skills and knowledge or a practitioner's expert to assist the engagement team with complex or subjective areas of the engagement.
- Involving appropriate resources to perform procedures to obtain evidence about sustainability information related to group components and value chain components.
- Modifying the nature, timing and extent of direction, supervision or review, for example, by more in-person oversight on a more frequent basis or more in-depth reviews of certain working papers.
- Communicating with those charged with governance when management imposes undue pressure or the engagement team experiences difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others from whom evidence may be sought.

Professional Judgement (Ref: Para. 40)

A93. Professional judgement is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and the ISSAs (NZ), and the informed decisions required throughout the engagement, cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances. Professional judgement is necessary in particular regarding decisions about:

- The presence of the preconditions for an assurance engagement.
- Materiality and engagement risk.
- The nature, timing and extent of procedures used to meet the requirements of this ISSA (NZ) and any other relevant ISSAs (NZ) and to obtain evidence, including where, and to what extent, it is necessary to perform procedures at entities across the entity's value chain.
- Evaluating whether sufficient appropriate evidence has been obtained, and whether more needs to be done to achieve the objectives of this ISSA (NZ) and any other relevant ISSAs (NZ). In particular, in the case of a limited assurance engagement, professional judgement is required in evaluating whether a meaningful level of assurance has been obtained.
- The appropriate conclusions to draw based on the evidence obtained.
- The actions to take in exercising professional scepticism.
- Whether the engagement leader's involvement throughout the engagement has been sufficient and appropriate such that the engagement leader has the basis for determining whether the significant judgements made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement.

- A94. The distinguishing feature of the professional judgement expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgements.
- A95. The exercise of professional judgement is based on the facts and circumstances that are known by the practitioner. It needs to be exercised throughout the engagement and be appropriately documented. Professional judgement can be evaluated based on whether the judgement reached reflects a competent application of assurance and measurement or evaluation principles and is appropriate in the light of, and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner's assurance report. Professional judgement is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence.

Engagement Resources (Ref: Para. 41)

- A96. Resources include human, technological and intellectual resources. Human resources include members of the engagement team and, when applicable, a practitioner's external expert. Technological resources include technological tools that may allow the practitioner to manage the engagement more effectively and efficiently. Intellectual resources include, for example, assurance methodologies, implementation tools, assurance guides, model programmes, templates, checklists or forms.
- A97. In determining whether sufficient and appropriate resources to perform the engagement have been assigned or made available to the engagement team, the engagement leader ordinarily may depend on the firm's related policies or procedures (including resources). For example, based on information communicated by the firm, the engagement leader may be able to depend on the firm's technological development, implementation and maintenance programmes when using firm-approved technology to perform procedures.

Competence and Capabilities of the Engagement Team (Ref: Para. 42)

- A98. When determining that the engagement team has the appropriate sustainability competence and competence and capabilities in assurance skills and techniques, the engagement leader may take into consideration such matters as the team's:
- Understanding of, and practical experience with, sustainability assurance engagements of a similar nature and complexity through appropriate training and participation.
 - Understanding of professional requirements and applicable legal and regulatory requirements applicable to the engagement.
 - Expertise in the sustainability matters relevant to the engagement.
 - Expertise in IT used by the entity or automated tools or techniques that are to be used by the engagement team in planning and performing the engagement.
 - Knowledge of relevant industries in which the entity operates.
 - Knowledge of laws, regulations or business practices relevant to the entity's operations in a particular jurisdiction.
 - Ability to exercise professional scepticism and professional judgement.
 - Understanding of the firm's policies or procedures.
- A99. Sustainability assurance engagements may relate to a wide range of sustainability matters

that require specialised skills and knowledge beyond those possessed by the engagement leader and other members of the engagement team and for which the work of a practitioner's expert is used. A practitioner's expert may be either a practitioner's internal expert (who is a member of the engagement team), or a practitioner's external expert. A practitioner's internal expert may be a partner or staff (i.e., personnel), including temporary staff, of the practitioner's firm or a network firm. A practitioner's expert may be needed to assist the practitioner in one or more areas.

Examples:

- Obtaining an understanding of the entity and its environment, including its internal control.
- Performing risk assessment procedures.
- Responding to risks, including determining and implementing overall responses to assessed risks of material misstatement of the sustainability information.
- Evaluating the sufficiency and appropriateness of evidence obtained in forming a conclusion on the sustainability information.

- A100. Considerations when deciding whether to use a practitioner's expert may include:
- Whether management has used a management's expert in preparing the sustainability information (see paragraph A101).
 - The nature and significance of the sustainability information, including its complexity.
 - The assessed risks of material misstatement.
 - The expected nature of procedures to respond to identified risks, including the practitioner's knowledge of and experience with the work of experts in relation to such matters, and the availability of alternative sources of evidence.
- A101. When management has used a management's expert in preparing the sustainability information, the practitioner's decision on whether to use a practitioner's expert may also be influenced by such factors as:
- The nature, scope and objectives of the management's expert's work.
 - Whether the management's expert is employed by the entity, or is a party engaged by it to provide relevant services.
 - The extent to which management can exercise control or influence over the work of the management's expert.
 - The management's expert's competence and capabilities.
 - Whether the management's expert is subject to technical performance standards or other professional or industry requirements.
 - Any controls within the entity over the management's expert's work.
- A102. The more complex the engagement, including its geographical spread and the extent to which information is derived from the entity's value chain, the more necessary it may be to consider how the work of a practitioner's expert or another practitioner is to be integrated across the engagement.

Sufficient and Appropriate Involvement in the Work of a Firm Other than the Practitioner's Firm (Ref: Para. 43)

- A103. Paragraph 31 requires the engagement leader to be sufficiently and appropriately involved throughout the engagement. Paragraphs A75 and A79 provide examples of ways in which the engagement leader may demonstrate sufficient and appropriate involvement in the engagement. When the practitioner intends to obtain evidence from using work that has been performed, or will be performed, by a firm other than the practitioner's firm, these examples may assist the engagement leader in determining whether it is possible for the engagement leader to be sufficiently and appropriately involved in that work.
- A104. When work is performed in relation to sustainability information of a group component, there is a presumption that the practitioner would ordinarily be sufficiently and appropriately involved in that work.
- A105. In certain circumstances, the practitioner may become aware that a separate engagement on sustainability information for a group component has been performed by a firm (including another office of the practitioner's firm or a network firm). For example, that firm may have performed a separate assurance engagement on greenhouse gas emissions of a subsidiary that are included in the group sustainability information. Although the practitioner is unable to be involved because the separate engagement has already been completed, the practitioner may still intend to obtain evidence from using the work of that other firm for the group sustainability assurance engagement. In these circumstances, the requirements in paragraphs 50–55 would apply, including determining whether the evidence obtained from that other practitioner's work is adequate for the practitioner's purposes. If a similar separate engagement is expected to be performed in subsequent years relating to that group component, the practitioner would be able to consider it in developing the overall strategy and engagement plan for the group engagement, including the involvement of that other firm as a component practitioner (see paragraph 96).
- A106. An inability to be sufficiently and appropriately involved in the work of a firm other than the practitioner's firm may arise because the work has already been performed, the practitioner's access to the work of that firm is restricted by law or regulation, or the work relates to a value chain component and neither the entity's management nor the practitioner have any rights of access to that other firm's work. Similarly, if the extent of the engagement leader's involvement does not provide the basis for determining that the significant judgements made and the conclusions reached in relation to the work of a firm other than the practitioner's firm are appropriate, the engagement leader is ordinarily not able to conclude that they can be sufficiently and appropriately involved. The engagement leader may also take account of firm policies or procedures in making the determination in accordance with paragraph 43.

Insufficient or Inappropriate Resources Assigned or Made Available (Ref: Para. 44)

- A107. The engagement leader's determination that the resources assigned or made available are insufficient or inappropriate in the circumstances of the engagement, and the appropriate actions to take, are matters of professional judgement. For example, if an assurance software programme provided by the firm has not incorporated new or revised procedures related to sustainability disclosures required by new or revised framework criteria, timely communication of such information to the firm enables the firm to take steps to update and reissue the software promptly or to provide an alternative resource that enables the engagement team to comply with the new regulation in the performance of the engagement.

- A108. For a group sustainability assurance engagement, the engagement leader's determination about whether the resources assigned or made available are sufficient and appropriate may include considering whether there is a need to involve component practitioners with knowledge and experience of the laws, regulations, language or culture in certain jurisdictions.
- A109. If the resources assigned or made available are insufficient or inappropriate in the circumstances of the engagement and additional or alternative resources have not been made available, appropriate actions may include:
- Changing the planned approach to the nature, timing and extent of direction, supervision and review (see also paragraph 47).
 - Discussing an extension to the entity's reporting deadlines with management or those charged with governance, when an extension is possible under applicable law or regulation.
 - Following the firm's policies or procedures for resolving differences of opinion if the engagement leader does not obtain the necessary resources for the engagement.
 - Following the firm's policies or procedures for withdrawing from the engagement, when withdrawal is possible under applicable law or regulation.

Using the Resources Assigned or Made Available (Ref: Para. 45)

- A110. The firm's policies or procedures may include required considerations or responsibilities for the engagement team when using firm-approved technological tools to perform procedures and may require the involvement of individuals with specialised skills or expertise in evaluating or analysing the output. The engagement team may be required, in accordance with the firm's policies or procedures, to use the firm's assurance methodology and specific tools and guidance. The engagement team may also consider whether the use of other intellectual resources is appropriate and relevant based on the nature and circumstances of the engagement, for example, an industry-specific assurance methodology or related guides and performance aids.

Direction, Supervision and Review

Engagement Leader's Responsibility for Direction, Supervision and Review (Ref: Para. 46)

- A111. Professional and Ethical Standard 3 requires that direction, supervision and review is planned and performed on the basis that the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members.
- A112. Direction and supervision of the engagement team and the review of their work are firm-level responses that are implemented at the engagement level, of which the nature, timing and extent may be further tailored by the engagement leader in managing the quality of the engagement. Accordingly, the approach to direction, supervision and review will vary from one engagement to the next, taking into account the nature and circumstances of the engagement. The approach will ordinarily include a combination of addressing the firm's policies or procedures and engagement specific responses.
- A113. When an engagement is not carried out entirely by the engagement leader, or when the nature and circumstances of the engagement are more complex (e.g., when there are members of the engagement team spread across multiple jurisdictions), it may be necessary for the engagement leader to assign direction, supervision, and review to other

members of the engagement team. However, as part of the engagement leader's overall responsibility for managing and achieving quality on the engagement and to be sufficiently and appropriately involved, the engagement leader is required to determine that the nature, timing and extent of direction, supervision and review is undertaken in accordance with paragraph 47. In such circumstances, personnel or members of the engagement team may provide information to the engagement leader to enable the engagement leader to make the determination required by paragraph 47.

Direction

A114. Direction of the engagement team may involve informing the members of the engagement team of their responsibilities, such as:

- Contributing to the management and achievement of quality at the engagement level through their personal conduct, communication and actions.
- Maintaining a questioning mind and being aware of unconscious or conscious biases in exercising professional scepticism when gathering and evaluating evidence.
- Addressing threats to the achievement of quality, and the engagement team's expected response. For example, budget constraints or resource constraints should not result in the engagement team members modifying planned procedures or failing to perform planned procedures.
- Fulfilling relevant ethical requirements.
- Understanding the objectives of the work to be performed and the detailed instructions regarding the nature, timing and extent of planned assurance procedures.
- The responsibilities of respective engagement team members to perform procedures, and of more experienced engagement team members to direct, supervise and review the work of less experienced engagement team members.

Supervision

A115. Supervision may include matters such as:

- Tracking the progress of the engagement, which includes monitoring:
 - The progress against the engagement plan;
 - Whether the objective of work performed has been achieved; and
 - The ongoing adequacy of assigned resources.
- Taking appropriate action to address issues arising during the engagement, including for example, reassigning planned procedures to more experienced engagement team members when issues are more complex than initially anticipated.
- Identifying matters for consultation or consideration by more experienced engagement team members during the engagement.
- Providing coaching and on-the-job training to help engagement team members develop skills or competencies.
- Creating an environment where engagement team members raise concerns without fear of reprisals.

Review

A116. Review of the engagement team's work consists of consideration of whether, for example:

- The work has been performed in accordance with the firm's policies or procedures, professional requirements and applicable legal and regulatory requirements.
- Significant matters have been raised for further consideration.
- Appropriate consultations have taken place and the resulting conclusions have been documented and implemented.
- There is a need to revise the nature, timing and extent of work performed.
- The work performed supports the conclusions reached and is appropriately documented.
- The evidence obtained is sufficient and appropriate to provide a basis for the practitioner's conclusion.
- The objectives of the procedures have been achieved.

Determining the Nature, Timing and Extent of Direction, Supervision and Review (Ref: Para. 47)

A117. The approach to the direction and supervision of the members of the engagement team and the review of their work provides support for the engagement leader in fulfilling the requirements of this ISSA (NZ), and in concluding that the engagement leader has been sufficiently and appropriately involved throughout the engagement in accordance with paragraph 186(d)(i).

A118. The approach to direction, supervision and review may be tailored depending on, for example:

- The engagement team member's previous experience with the entity and the subject matter.
- The complexity of the engagement.
- The assessed risks of material misstatement.
- The competence and capabilities of the individual engagement team members performing the work.
- The manner in which the reviews of the work performed are expected to take place (remote or in-person).
- The structure of the engagement team and the location of engagement team members.
- Whether engagement team members are from the practitioner's firm, a network firm, or a firm that is not a network firm.

Review of Engagement Documentation (Ref: Para. 48)

A119. Timely review of engagement documentation by the engagement leader at appropriate stages throughout the engagement enables significant matters to be resolved to the engagement leader's satisfaction on or before the date of the practitioner's report. The engagement leader need not review all engagement documentation.

A120. The engagement leader exercises professional judgement in identifying significant judgements made by the engagement team. The firm's policies or procedures may specify

certain matters that are commonly expected to be significant judgements. Significant judgements may include matters related to planning and performing the engagement, as well as the conclusions reached by the engagement team.

Examples of significant judgements:

- Whether the scope of the sustainability information to be reported and the scope of the assurance engagement are appropriate in the circumstances.
- Matters related to planning the engagement, such as the consideration or determination of materiality.
- The composition of the engagement team, including personnel with expertise in one or more sustainability matters addressed in the engagement.
- The decision to involve a practitioner's expert, including the decision to involve an external expert.
- The engagement team's risk assessment procedures, including situations when the identification and assessment of the risks of material misstatement requires significant judgement by the engagement team.
- For a group sustainability assurance engagement:
 - The proposed approach to the engagement for addressing where, and by whom, evidence needs to be obtained.
 - Decisions about the involvement of component practitioners and using the work of another practitioner, including, for example, in areas of higher assessed risk of material misstatement of the sustainability information.
- Results of the procedures performed on areas of the engagement involving significant management judgement.
- The evaluation of the work performed by a practitioner's external expert or another practitioner, and conclusions drawn therefrom.
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
- The evaluation of matters that may affect the assurance report, including modification of the practitioner's conclusion.

A121. The engagement leader exercises professional judgement in determining other matters to review, for example based on:

- The nature and circumstances of the engagement.
- Which engagement team member performed the work.
- Matters relating to recent inspection findings.
- The requirements of the firm's policies or procedures.

Review of Formal Written Communications (Ref: Para. 49)

A122. The engagement leader uses professional judgement in determining which written communications to review, taking into account the nature and circumstances of the engagement. For example, it may not be necessary for the engagement leader to review communications between the engagement team and management in the ordinary course

of the engagement.

Using the Work of Others

Using the Work of Another Practitioner (Ref: Para. 50–55)

A123. Using the work of another practitioner may include using work that has already been completed, or that is yet to be performed but will be completed prior to completion of the practitioner’s engagement. Such work may specifically relate to sustainability matters or may be other assurance or non-assurance work that, in the practitioner’s judgement, is relevant to the sustainability assurance engagement. The practitioner exercises professional judgement in determining whether the work of another practitioner is relevant to, and is appropriate for purposes of the practitioner’s engagement, and the extent to which such work can be used in the circumstances. The extent of the practitioner’s procedures to evaluate the work of another practitioner in accordance with paragraph 50 is influenced by:

- The overall significance of the work to the practitioner’s engagement. For example, the greater the significance to the overall sustainability information of the disclosures for which the practitioner intends to obtain evidence from using the work of another practitioner, the more extensive the practitioner’s procedures are likely to be, including communication with another practitioner and determining whether it is necessary to review additional documentation of the work of that practitioner in accordance with paragraph 54;
- The ability of the practitioner to obtain access to another practitioner and their work. For example, when the work of another practitioner relates to information from a value chain component, neither the reporting entity’s management nor the practitioner may have rights of access to that other firm or its work. Paragraph A135 explains circumstances in which a limitation on scope may arise in relation to using the work of another practitioner; and
- Whether a one-to-many report of another practitioner is available (see paragraph 51).

A124. The guidance in paragraphs A136–A151 for using the work of a practitioner’s expert may also be helpful when obtaining evidence from using the work of another practitioner, in particular, the considerations described in paragraphs A137 and A151.

Complying with relevant ethical requirements that apply to using the work of another practitioner (Ref: Para. 50(a))

A125. Relevant ethical requirements may include provisions addressing the fulfilment of the practitioner’s ethical responsibilities related to using the work of another practitioner. These responsibilities may vary depending on whether the work performed by another practitioner is assurance or non-assurance work.

A126. Whether an engagement performed by another practitioner is an assurance engagement depends on the circumstances. Considerations that may be relevant in distinguishing an assurance engagement from a non-assurance engagement include:

- The nature of the engagement. For example, agreed-upon procedures engagements performed in accordance with International Standard on Related Services (New

Zealand) 4400⁸ and consulting (or advisory) engagements are not assurance engagements.

- The nature of the procedures performed on the engagement. For example, a validation or verification engagement may be an assurance engagement if it is performed in accordance with recognised standards that enable the practitioner to design and perform procedures aimed at gathering sufficient appropriate evidence to support an assurance conclusion.
- The wording of the report of another practitioner. For example, the report for an assurance engagement includes the practitioner's opinion, conclusion or other form of assurance statement based on the procedures performed and evidence obtained. Reports that only provide the practitioner's findings would not be considered assurance engagements.

Evaluating the competence and capabilities of another practitioner (Ref: Para. 50(b))

A127. Determining whether another practitioner has the appropriate competence and capabilities is a matter of professional judgement and is influenced by the nature and circumstances of another practitioner's work. The sources described in paragraph A141 related to the work of a practitioner's expert may also be relevant when evaluating the competence and capabilities of another practitioner. Other factors that may be relevant include the consistency or similarity of laws and regulations, language and culture. When another practitioner is another firm within the same network as the practitioner's firm and is subject to common network requirements or uses common network services, the practitioner may be able to depend on such network requirements, for example, those addressing professional training or recruitment, or that require the use of common systems, policies, methodologies and related implementation tools.

Evaluating the nature, scope and objectives of another practitioner's work (Ref: Para. 50(c))

A128. Evaluating whether the nature, scope and objectives of another practitioner's work are appropriate for the practitioner's purposes may include obtaining an understanding of:

- The nature of the engagement performed by another practitioner, including whether it is a limited or reasonable assurance engagement, and whether that engagement exhibits a rational purpose;
- The applicable criteria relevant to that assurance engagement;
- The scope of the engagement;
- Whether the work performed was undertaken in accordance with recognised standards;
- Whether the work performed includes tests of controls, substantive procedures or both; and
- Whether the work performed has been supported by firm-level policies or procedures designed to address quality management.

⁸ International Standard on Related Services (New Zealand) (ISRS (NZ)) 4400, *Agreed-Upon Procedures Engagements*

Obtaining and evaluating a one-to-many report (Ref: Para. 51–52)

- A129. The practitioner’s evaluation of the work of another practitioner may include obtaining and evaluating a one-to-many report as described in paragraph 51. Such a report may identify assurance procedures and the results of those procedures, including exceptions, and other related information that could affect the practitioner’s conclusions. Exceptions noted by another practitioner, or a modified conclusion, in such a report does not automatically mean that the report will not be useful for the assurance engagement on the reporting entity’s sustainability information. Rather, the exceptions, or the matter giving rise to a modified conclusion, in the one-to-many report are considered in the context of the significance to users of the reported information. In considering the exceptions or matters giving rise to a modified conclusion, the practitioner may seek to discuss such matters with that other practitioner, if possible in the circumstances. Such communication is dependent upon the reporting entity contacting the value chain entity, and obtaining that entity’s approval for the communication to take place.
- A130. Depending on the nature of the information that is the subject of the one-to-many report, or other relevant assurance report of another practitioner, that report may identify complementary user entity controls that, if relevant to the user entity, may need to be designed and implemented by the user entity to have an appropriate basis for using the information obtained in preparing the sustainability information.
- A131. The practitioner may determine that the one-to-many report does not provide sufficient appropriate evidence (e.g., the description of the procedures performed and results thereof may not provide sufficient evidence for the practitioner’s purposes). In such circumstances, the practitioner may consider whether it is practicable to supplement the understanding of another practitioner’s procedures and conclusions by communicating with that practitioner. If not practicable in the circumstances, the practitioner may need to perform other procedures to obtain sufficient appropriate evidence about the information from that value chain entity.

Communications with another practitioner (Ref: Para. 53)

- A132. Relevant matters that the engagement team may request another practitioner to communicate include:
- Whether the other practitioner has complied with ethical requirements that are relevant to the engagement, including independence for an assurance engagement.
 - Information about instances of non-compliance with laws and regulations that could give rise to a material misstatement of the sustainability information.
 - A list of uncorrected misstatements identified by another practitioner during the engagement that are not clearly trivial.
 - Indicators of possible bias in the preparation of relevant information.
 - Description of any deficiencies in internal control identified by the other practitioner during the engagement.
 - Other significant matters that another practitioner has communicated or expects to communicate to the entity, including fraud or suspected fraud.
 - Any other matters that may be relevant to the sustainability information, or that another practitioner wishes to draw to the attention of the engagement team, including exceptions noted in any written representations that another practitioner requested from the component entity.

- The other practitioner’s overall findings, conclusion or opinion.

A133. If the practitioner determines that another practitioner’s communications are not adequate for the practitioner’s purposes, the practitioner may consider whether, for example:

- Further information can be obtained from another practitioner (e.g., through further discussions or meetings);
- Review of additional documentation of another practitioner may provide the practitioner with further information; or
- There are any concerns about another practitioner’s competence or capabilities.

Reviewing additional documentation of work performed by another practitioner (Ref: Para. 54)

A134. Determining whether to review additional documentation of another practitioner may include consideration of:

- The nature, timing and extent of the work performed by another practitioner;
- The competence and capabilities of another practitioner; and
- The significant judgements made by, and the findings or conclusions of, another practitioner about matters that are material to the sustainability information.

Evidence obtained from work of another practitioner inadequate for practitioner’s purposes (Ref: Para. 55)

A135. A scope limitation exists when the practitioner is unable to:

- Obtain evidence from the work of another practitioner that is adequate for the practitioner’s purposes; and
- Obtain, through alternative means, sufficient appropriate evidence over the disclosures for which the practitioner intended to use the work of another practitioner as evidence.

In such circumstances, the practitioner considers the implications for the engagement and the assurance report in accordance with paragraph 185.

Using the Work of a Practitioner’s Expert (Ref: Para. 56–57)

A136. The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner’s use of the work of a practitioner’s expert. Nonetheless, if the practitioner using the work of a practitioner’s expert, having followed this ISSA (NZ), concludes that the work of that expert is adequate for the practitioner’s purposes, the practitioner may accept that expert’s findings or conclusions in the expert’s field as appropriate evidence.

A137. The nature, timing and extent of procedures to fulfil the requirement in paragraphs 56–57 will vary depending on the circumstances. Relevant considerations may include:

- The significance of the practitioner’s expert’s work in the context of the engagement (see also paragraph A140).
- The nature of the disclosure(s) to which that expert’s work relates.
- The assessed risks of material misstatement of the sustainability information to which that expert’s work relates.

- The practitioner’s knowledge of and experience with previous work performed by that expert.
- A138. Agreement on the respective roles and responsibilities of the practitioner and the practitioner’s expert may also include agreement about access to, and retention of, each other’s engagement documentation. A practitioner’s internal expert is a member of the engagement team and therefore that expert’s working papers form part of the engagement documentation.
- A139. Effective two-way communication facilitates the proper integration of the nature, timing and extent of the practitioner’s expert’s procedures with other work on the assurance engagement, and appropriate modification of the practitioner’s expert’s objectives during the course of the engagement. Identification of specific partners or staff who will liaise with the practitioner’s expert, and procedures for communication between that expert and the entity, assists timely and effective communication, particularly on larger engagements.
- A140. When the work of a practitioner’s expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 56 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner’s expert will be fully integrated with the work of other assurance personnel and when the work of the practitioner’s expert is to be used in the early stages of the engagement, for example, during initial planning and risk assessment procedures.

Evaluating the competence, capabilities and objectivity of a practitioner’s expert (Ref: Para. 56(a))

- A141. The competence, capabilities and objectivity of a practitioner’s expert are factors that significantly affect whether the work of the practitioner’s expert will be adequate for the practitioner’s purposes. Information regarding the competence, capabilities and objectivity of a practitioner’s expert may come from a variety of sources.

Examples:

- Personal experience with previous work of that expert.
- Discussions with that expert.
- Discussions with other practitioners or others who are familiar with that expert’s work.
- Knowledge of that expert’s qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition.
- Understanding whether that expert’s work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body.
- Published papers or books written by that expert.
- The practitioner’s firm’s system of quality management (see paragraphs A68–A74).

- A142. A practitioner’s internal expert that is a partner or staff of a network firm is subject to the firm’s policies or procedures for network requirements and network services established as part of the firm’s system of quality management. In some instances, the practitioner’s

internal expert of a network firm may be subject to common quality management policies or procedures as the practitioner's firm, given that they are part of the same network.

- A143. Quality management at the engagement level is supported by the firm's system of quality management and informed by the specific nature and circumstances of the engagement. The practitioner may be able to depend on the firm's related policies or procedures regarding the evaluation of the adequacy of an internal expert's work. For example, the firm's training programmes may provide internal experts with an appropriate understanding of the interrelationship of their expertise with the assurance process. Reliance on such training may affect the nature, timing and extent of the practitioner's procedures to evaluate the adequacy of the practitioner's internal expert's work.
- A144. Professional and Ethical Standard 3 requires the firm to have policies or procedures to address quality risks arising from the use of resources from a service provider, which includes the use of an external expert. A practitioner's external expert is not a member of the engagement team and may not be subject to the firm's policies or procedures under its system of quality management.

Evaluating the competence, capabilities and objectivity of a practitioner's external expert (Ref: Para. 56(a)–(b))

- A145. Relevant ethical requirements applicable to the practitioner when using the work of a practitioner's external expert may include provisions addressing the fulfilment of the practitioner's ethical responsibilities related to evaluating whether an external expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. Such provisions may prohibit the practitioner from using the work of a practitioner's external expert if the practitioner:
- (a) Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective;
 - (b) Has determined that the external expert does not have the necessary competence or capabilities; or
 - (c) Has determined that it is not possible to eliminate circumstances that create threats to the expert's objectivity, or apply safeguards to reduce such threats to an acceptable level.
- A146. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the practitioner's external expert and the significance of the expert's work in the context of the engagement. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed practitioner's external expert is an individual who has played a significant role in preparing the sustainability information.
- A147. When evaluating the objectivity of a practitioner's external expert, it may be relevant to:
- Enquire also of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the expert that may affect that expert's objectivity.
 - Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that may be relevant to discuss with the expert include:
 - Financial interests.

- Business and personal relationships.
- Provision of other services by that expert.

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external expert about any interests or relationships with the entity or engaging party of which that expert is aware.

Understanding the field of expertise of a practitioner's expert (Ref: Para. 56(c))

A148. Having a sufficient understanding of the field of expertise of the practitioner's expert enables the practitioner to:

- (a) Agree with the practitioner's expert on the nature, scope (including, when applicable, the materiality for quantitative disclosures to be applied or other considerations of materiality for qualitative disclosures) and objectives of that expert's work for the practitioner's purposes;
- (b) Understand what assumptions, data and methods, including models as applicable, are used by the practitioner's expert, and whether they are generally accepted within that expert's field and appropriate in the circumstances of the engagement; and
- (c) Evaluate the adequacy of that expert's work for the practitioner's purposes.

Agreement with the practitioner's expert (Ref: Para. 56(c)–(d))

A149. The nature, scope and objectives of the practitioner's expert's work may vary considerably with the circumstances, as may the respective roles and responsibilities of the practitioner and the practitioner's expert, and the nature, timing and extent of communication between the practitioner and the practitioner's expert. It is therefore required that these matters are agreed between the practitioner and the practitioner's expert regardless of whether the expert is a practitioner's external expert or a practitioner's internal expert.

A150. The matters noted in paragraph A137 may affect the level of detail and formality of the agreement between the practitioner and the practitioner's expert, including whether it is appropriate that the agreement be in writing. For example, the following factors may suggest the need for more a detailed agreement than would otherwise be the case, or for the agreement to be set out in writing:

- The practitioner's expert will have access to sensitive or confidential entity information.
- The respective roles or responsibilities of the practitioner and the practitioner's expert are different from those normally expected.
- Multi-jurisdictional legal or regulatory requirements apply.
- The matter to which the practitioner's expert's work relates is highly complex.
- The practitioner has not previously used work performed by that expert.
- The greater the extent of the practitioner's expert's work, and its significance in the context of the engagement.

Evaluating the adequacy of the practitioner's expert's work (Ref: Para. 57)

A151. Procedures to evaluate the adequacy of the practitioner's expert's work for the practitioner's purposes may include:

- Enquiries of the practitioner's expert.
- Reviewing the practitioner's expert's working papers and reports.
- Corroborative procedures, such as:
 - Observing the practitioner's expert's work;
 - Examining published data, such as statistical reports from reputable, authoritative sources;
 - Confirming relevant matters with third parties;
 - Performing detailed analytical procedures; and
 - Reperforming calculations.
- Discussion with another expert with relevant expertise when, for example, the findings or conclusions of the practitioner's expert are not consistent with other evidence obtained by the practitioner.
- Discussing the practitioner's expert's report with management.

Using the Work of the Internal Audit Function (Ref: Para. 59)

- A152. In determining whether the work of the internal audit function can be used for purposes of the engagement, a first consideration is whether the planned nature and scope of the work of the internal audit function that has been performed, or is planned to be performed, is relevant to the practitioner's approach to the engagement.
- A153. The extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors and the level of competence of the function are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of the function that is appropriate in the circumstances.
- A154. Factors that may affect the practitioner's evaluation of whether the internal audit function applies a systematic and disciplined approach include the following:
- The existence, adequacy and use of documented internal audit procedures or guidance covering such areas as risk assessments, work programmes, documentation and reporting, the nature and extent of which is commensurate with the size and circumstances of an entity.
 - Whether the internal audit function has appropriate quality control policies and procedures, for example, policies and procedures that would be applicable to an internal audit function (such as those relating to leadership, human resources and engagement performance) or quality control requirements in standards set by the relevant professional bodies for internal auditors. Such bodies may also establish other appropriate requirements such as conducting periodic external quality assessments.

Communications Among Those Involved in the Engagement (Ref: Para. 60)

- A155. Clear and timely communication about responsibilities, along with clear direction about the nature, timing and extent of the work to be performed, and the matters expected to be communicated to the practitioner, helps establish the basis for effective two-way communication. Effective two-way communication also helps to set expectations for work performed at various locations (e.g., by component practitioners) and facilitates the

practitioner's direction, supervision and review of that work. Such communication also provides an opportunity for the engagement leader to reinforce the need to exercise professional scepticism in performing the work.

- A156. Other factors that may also contribute to effective two-way communication include:
- Clarity of any instructions issued (e.g., to a component practitioner).
 - A mutual understanding of relevant issues and the expected actions arising from the communication process.
 - The form of communications. For example, matters that need timely attention may be more appropriately discussed in a meeting rather than by exchanging emails.
 - A mutual understanding between the practitioner and component practitioner about which individuals have responsibility for managing communications regarding particular matters.
 - The process for reporting back to the practitioner on the results of the work performed or significant issues encountered in performing the work.
- A157. The communications depend on the facts and circumstances of the engagement, including, for example, the nature and extent of involvement of component practitioners and the degree to which the practitioner and component practitioners are subject to common systems of quality management, or the involvement of a practitioner's external expert.
- A158. The form of the communications may be affected by such factors as:
- The significance, complexity or urgency of the matter.
 - Whether the matter has been or is expected to be communicated to the entity's management or those charged with governance.
- A159. The appropriate timing of communications will vary with the circumstances of the engagement. Relevant circumstances may include the nature, timing and extent of work to be performed by others. For example, communications regarding planning matters may often be made early in the engagement and, for an initial sustainability assurance engagement, may be made as part of agreeing the terms of the engagement.

Monitoring and Remediation (Ref: Para. 63)

- A160. In considering information communicated by the firm through its monitoring and remediation process and how it may affect the engagement, the engagement leader may consider the remedial actions designed and implemented by the firm to address identified deficiencies and, to the extent relevant to the nature and circumstances of the engagement, communicate accordingly to the engagement team. The engagement leader may also determine whether additional remedial actions are needed at the engagement level. For example, the engagement leader may determine that:
- A practitioner's expert is needed; or
 - The nature, timing and extent of direction, supervision and review needs to be enhanced in an area of the engagement where deficiencies have been identified.

If an identified deficiency does not affect the quality of the engagement (e.g., if it relates to a technological resource that the engagement team did not use) then no further action may be needed.

A161. A deficiency in the firm’s system of quality management does not necessarily indicate that an assurance engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner’s report was not appropriate.

Fraud and Non-Compliance with Laws and Regulations

Fraud (Ref: Para. 64)

A162. Maintaining professional scepticism requires an ongoing questioning of whether the information and evidence obtained suggests that a material misstatement due to fraud may exist. It includes considering the reliability of the information intended to be used as evidence and the controls over its preparation and maintenance where relevant. Due to the characteristics of fraud, the practitioner’s professional scepticism is particularly important when considering material misstatement due to fraud, which may include omission of information or deliberate bias. Paragraph A323 provides examples of material misstatements due to fraud in sustainability information. Paragraphs 128L, 128R and 129–131 address the practitioner’s required responses to fraud or suspected fraud.

Non-Compliance with Laws and Regulations (Ref: Para. 67)

A163. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the practitioner’s communication of certain matters with the responsible party, management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity. In these circumstances, the issues considered by the practitioner may be complex and the practitioner may consider it appropriate to obtain legal advice.

A164. The reporting of identified or suspected non-compliance with laws and regulations in accordance with law, regulation or relevant ethical requirements may include non-compliance with laws and regulations that the practitioner comes across or is made aware of when performing the engagement, but which may not affect the sustainability information. Under this ISSA (NZ), the practitioner is not expected to have a level of understanding of laws and regulations beyond those affecting the sustainability information. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgement and expertise in responding to such non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.

A165. In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner’s duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.

Communication with Management and Those Charged with Governance (Ref: Para. 68)

A166. In addition to those matters specifically required to be communicated in accordance with this ISSA (NZ), significant matters that the practitioner may consider merit the attention of management or those charged with governance, as appropriate, may include:

- Identified deficiencies in internal control.
- Management bias in the preparation of the sustainability information.
- Material misstatements of the sustainability information or other information that management has refused to correct.
- Reporting policies that are not appropriate or that are inconsistent with the applicable criteria or criteria used in the relevant industry.
- Circumstances that affect the form and content of the assurance report, if any.
- Matters relating to estimates, forward-looking information, and inherent uncertainties, and related disclosures.
- Significant matters discussed or subject to correspondence with management (see also paragraph A167).
- Significant difficulties encountered during the engagement (see also paragraph A168).

A167. Significant matters discussed, or subject to correspondence with management, may include such matters as:

- Significant events or transactions that occurred during the year.
- Concerns about management's use of work of an expert or information obtained from external sources.
- Significant matters on which there was disagreement with management.

A168. Significant difficulties encountered during the engagement may include such matters as:

- Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the practitioner to perform procedures.
- An unreasonably brief time within which to complete the engagement.
- Extensive unexpected effort required to obtain sufficient appropriate evidence.
- The unavailability of expected information.
- Restrictions imposed on the practitioner by management.

In some circumstances, such difficulties may constitute a scope limitation that leads to a modification of the practitioner's assurance conclusion.

A169. In addition to communicating with management or those charged with governance, the practitioner may be permitted or required to communicate about certain matters with other relevant parties, such as regulators or prudential supervisors. Such communication may be appropriate throughout the engagement or at particular stages, such as when the practitioner identifies matters that are required to be reported to the regulator or when finalising the assurance report.

Considerations Specific to Public Sector Entities

A170. A public sector practitioner may be obliged to report on identified or suspected non-compliance with laws and regulations to the legislature or other governing body or to report them in the practitioner's report.

Documentation

Overarching Documentation Requirements

Form, Content and Extent of Engagement Documentation (Ref: Para. 69–71)

- A171. A practitioner experienced in sustainability assurance refers to an individual (whether internal or external to the firm) who has practical experience in sustainability assurance, and a reasonable understanding of:
- (a) Assurance processes;
 - (b) ISSAs (NZ) and applicable legal and regulatory requirements;
 - (c) The business environment in which the entity operates; and
 - (d) Assurance and sustainability reporting matters relevant to the entity's industry.
- A172. Preparing sufficient and appropriate engagement documentation on a timely basis helps to enhance the quality of the assurance engagement and facilitates the effective review and evaluation of the evidence obtained and conclusions reached before the practitioner's report is finalised. Engagement documentation prepared after the assurance engagement work has been performed is likely to be less accurate than documentation prepared at the time such work is performed.
- A173. The form, content and extent of engagement documentation depend on factors such as:
- The size and complexity of the entity.
 - The scope of the assurance engagement and nature of the procedures to be performed. For example, the extent of engagement documentation would ordinarily be less:
 - For a limited assurance engagement compared to a reasonable assurance engagement.
 - When the scope of the assurance engagement includes only certain parts, rather than all, of the sustainability information.
 - The assessed risks of material misstatement.
 - The significance of the evidence obtained.
 - The nature and extent of exceptions identified.
 - The need to document a conclusion or the basis for a conclusion not self-evident from the engagement documentation of the work performed or evidence obtained.
 - The assurance methodology and tools used.
- A174. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Examples of significant matters include:
- Matters that give rise to risks of material misstatement that are assessed higher on the spectrum of risk.
 - Results of procedures indicating that the sustainability information could be materially misstated or, in a reasonable assurance engagement, a need to revise the practitioner's previous assessment of the risks of material misstatement and the practitioner's responses to those risks.
 - Circumstances that cause the practitioner significant difficulty in applying necessary procedures.

- Findings that could result in a modification to the assurance conclusion or the inclusion of an Emphasis of Matter paragraph in the assurance report.
- A175. An important factor in determining the form, content and extent of engagement documentation of significant matters is the extent of professional judgement exercised in performing the work and evaluating the results. Engagement documentation of the professional judgements made, when significant, serves to explain the practitioner's conclusions and to reinforce the quality of the judgement.
- A176. Circumstances in which it is appropriate to prepare engagement documentation relating to the use of professional judgement, include matters and judgements that are significant to:
- The rationale for the practitioner's conclusion when a requirement provides that the practitioner "shall consider" certain information or factors, and that consideration is significant in the context of the particular engagement.
 - The basis for the practitioner's conclusion on the reasonableness of judgements (for example, the reasonableness of significant estimates).
 - The basis for the practitioner's conclusions about the authenticity of a document when further investigation is undertaken in response to conditions identified during the assurance engagement that caused the practitioner to believe that the document may not be authentic.
- A177. It is neither necessary nor practical to document every matter considered, or professional judgement made, during an engagement. Further, it is unnecessary for the practitioner to document separately (e.g., through a checklist) compliance with matters for which compliance is demonstrated by documents included within the assurance engagement file.
- A178. The requirement to document who reviewed the work performed does not imply a need for each specific working paper to include evidence of review. The requirement, however, means documenting what work was reviewed, who reviewed such work, and when it was reviewed.
- A179. Documentation of discussions of significant matters with management, those charged with governance, and others is not limited to records prepared by the practitioner, but may include other appropriate records such as minutes of meetings prepared by the entity's personnel and agreed by the practitioner. Others with whom the practitioner may discuss significant matters may include other personnel within the entity, and external parties, such as persons providing professional advice to the entity.

Assembly of the Final Engagement File (Ref: Para. 72)

- A180. Professional and Ethical Standard 3 requires firms to establish a quality objective that addresses the assembly of engagement documentation on a timely basis after the date of the engagement report. An appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the assurance report.
- A181. The completion of the assembly of the final engagement file after the date of the assurance report is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the engagement documentation during the final assembly process if they are administrative in nature. Examples of such changes include:
- Deleting or discarding superseded documentation.

- Sorting, collating and cross-referencing working papers.
- Signing off on completion checklists relating to the file assembly process.
- Documenting evidence that the practitioner has obtained, discussed and agreed with the relevant members of the engagement team before the date of the assurance report.

A182. Professional and Ethical Standard 3 requires firms to establish a quality objective that addresses the maintenance and retention of engagement documentation to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards. The retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report.

Documentation Related to Quality Management (Ref: Para. 74)

A183. When dealing with circumstances that may pose risks to achieving quality on the engagement, the exercise of professional scepticism, and the engagement documentation of the practitioner's consideration thereof, may be important. For example, if the engagement leader obtains information that may have caused the firm to decline the engagement (see paragraph 29), the engagement documentation may include explanations of how the engagement team dealt with the circumstance.

Preconditions for an Assurance Engagement

Establishing Whether the Preconditions Are Present

Obtaining a Preliminary Knowledge of the Engagement Circumstances (Ref: Para. 75–76)

A184. In order to establish whether the preconditions are present, the practitioner applies the preliminary knowledge obtained of the engagement circumstances (see the definition in paragraph 18) and holds discussions with the appropriate party(ies) in accordance with paragraph 76. The practitioner uses professional judgement to determine the nature and extent of the preliminary knowledge. The preliminary knowledge that the practitioner obtains ordinarily differs in nature, and is less in extent, than the understanding obtained when performing the engagement.

Obtaining a Preliminary Knowledge of the Scope of the Proposed Assurance Engagement (Ref: Para. 75(b))

A185. The scope of the assurance engagement may extend to all of the sustainability information to be reported by the entity (e.g., the entity's sustainability report), or only part of it (e.g., it may be limited to specific disclosures such as assurance on key performance indicators for product recycling rates). Also, the scope of the proposed assurance engagement may encompass the reporting boundary covered by the sustainability information to be reported, or only certain jurisdictions, entities, operations or facilities within the reporting boundary. The reporting boundary within the scope of the assurance engagement may be established by law, regulation or professional requirements, or it may be determined by the appropriate party(ies).

Considerations Specific to Public Sector Entities (Ref: Para. 76)

A186. In the absence of indications to the contrary, in a public sector environment some of the preconditions for an assurance engagement may be presumed to be present, for example:

- (a) The roles and responsibilities of public sector entity management, or those charged with governance, when appropriate, may be presumed to be suitable in the

circumstances, because they are generally set out in legislation;

- (b) A rational purpose is generally exhibited because the engagement is set out in legislation; and
- (c) The practitioner's conclusion, in a form appropriate for the engagement, is generally required by legislation to be contained in a written report.

Considering Whether the Entity Has a Process to Identify Sustainability Information to Be Reported (Ref: Para. 76(a), Appendix 2)

A187. An assurance engagement is conducted in accordance with this ISSA (NZ) on the basis that management and, where appropriate, those charged with governance, have acknowledged and understand that they have responsibility for:

- The preparation of the sustainability information in accordance with the applicable criteria; and
- For designing, implementing and maintaining a system of internal control that management and, where appropriate, those charged with governance, determine is necessary to enable the preparation of the sustainability information in accordance with the applicable criteria (see paragraph 85).

The entity's information system and communication relevant to the preparation of the sustainability information ordinarily includes the entity's process to identify sustainability information to be reported. In the absence of such a process it may be difficult to establish whether management or those charged with governance, as appropriate, have a reasonable basis for the sustainability information.

Suitability of the Roles and Responsibilities (Ref: Para. 76(b))

A188. The three parties for an assurance engagement are:

- (a) The engaging party;
- (b) The practitioner; and
- (c) The intended users.

A189. If the engagement does not have at least three parties, it is unable to satisfy all of the elements of an assurance engagement under EG Au1A. The practitioner's responses may include:

- 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.

Reasonable Basis for the Sustainability Information (Ref: Para. 76(b))

A190. In evaluating whether management or those charged with governance, as appropriate, have a reasonable basis for the sustainability information, the practitioner may consider whether the entity has a process, including controls, to enable the preparation of the sustainability information that is free from material misstatement. What constitutes a reasonable basis will depend on the nature of the sustainability matters addressed by the sustainability information and other engagement circumstances.

A191. If the practitioner becomes aware that there are deficiencies in the entity's process to prepare the sustainability information that is not within the proposed scope of the assurance engagement and is therefore other information, this may indicate that management or those charged with governance, as appropriate, does not have a reasonable basis for reporting such information. In these circumstances, the implications of the requirements in this standard for other information (see paragraphs 173–176) will have an impact on the practitioner's acceptance of the proposed engagement.

Appropriate Sustainability Matters (Ref: Para. 77)

A192. Whether the sustainability matters within the scope of the engagement are appropriate is not affected by the level of assurance, that is, if a sustainability matter is not appropriate for a reasonable assurance engagement, it is also not appropriate for a limited assurance engagement, and vice versa. Therefore, inappropriate sustainability matters for a reasonable assurance engagement cannot be overcome by changing the engagement to a limited assurance engagement.

A193. In evaluating whether the sustainability matters are appropriate, and whether the sustainability information can be subject to procedures for obtaining sufficient appropriate evidence, the practitioner may consider matters such as the characteristics of the sustainability matters (i.e., the degree to which they are qualitative versus quantitative, factual versus judgemental, historical versus forward-looking, and relate to a point in time or cover a period) and the reporting boundary.

Suitability and Availability of Criteria (Ref: Para. 78, 107)

Suitable criteria for only some of the sustainability matters (Ref: Para. 78(a))

A194. If suitable criteria are unavailable for some of the sustainability information subject to the assurance engagement, but the practitioner can identify one or more disclosures for which the criteria are suitable, then an assurance engagement may be performed with respect to those disclosures.

Sources of the criteria (Ref: Para. 78(b))

A195. Criteria may be:

- (a) Framework criteria, that is:
 - (i) Embodied in law or regulation;
 - (ii) Established for use by certain types of entities by an organisation(s) that is authorised or recognised to promulgate standards for reporting sustainability information that follow a transparent due process involving deliberation and consideration of the views of a wide range of stakeholders;
 - (iii) Developed collectively by a group that does not follow a transparent due process;
 - (iv) Published in scholarly journals or books; or
 - (v) Developed for sale on a proprietary basis;
- (b) Entity-developed criteria; or
- (c) A combination of framework criteria and entity-developed criteria.

A196. When criteria are selected from multiple frameworks or entity-developed criteria are to be used, the practitioner's evaluation of the suitability of the criteria may be more

extensive and the practitioner may need to consider subjectivity or opportunity for management bias in selecting or developing the criteria.

- A197. Framework criteria that are embodied in law or regulation or are established by an authorised or recognised organisation that follows a transparent due process may be presumed to be suitable in the absence of indications to the contrary. The entity may select and apply reporting policies to apply the framework criteria as described in paragraph A2.
- A198. There may be circumstances when the framework criteria are not suitable on their own and may need to be supplemented by additional framework or entity-developed criteria in order to:
- Be sufficiently prescriptive about the scope of the sustainability matters to be addressed in the sustainability information.
 - Address the entity's industry or jurisdictions in which the entity operates, or other factors pertinent to the sustainability information to be reported.
 - Avoid vague descriptions of expectations or judgements.

Characteristics of suitable criteria (Ref: Para. 78(c), 107)

- A199. Suitable criteria are required for reasonably consistent measurement or evaluation of the sustainability matters within the context of professional judgement. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive, that is, it is determined in the context of the engagement circumstances. Even for the same sustainability matters there may be different criteria that will yield a different outcome. Suitable criteria exhibit the following characteristics:
- (a) **Relevance:** Relevant criteria result in sustainability information that assists decision-making by the intended users;
 - (b) **Completeness:** Criteria are complete when sustainability information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of intended users made on the basis of that sustainability information. Complete criteria include, where relevant, benchmarks for presentation and disclosure;
 - (c) **Reliability:** Reliable criteria allow reasonably consistent measurement or evaluation of the sustainability matters, when used in similar circumstances by different practitioners;
 - (d) **Neutrality:** Neutral criteria result in sustainability information that is free from bias as appropriate in the engagement circumstances; and
 - (e) **Understandability:** Understandable criteria result in sustainability information that can be understood by the intended users.
- A200. The relative importance of each characteristic of the criteria to a particular engagement is a matter of professional judgement.
- A201. If the criteria are unsuitable, this cannot be overcome by changing the level of assurance. That is, if criteria are unsuitable for a reasonable assurance engagement, they are also unsuitable for a limited assurance engagement, and vice versa.

Availability of the criteria to users (Ref: Para. 78(d))

A202. Criteria being available allows the intended users to understand how sustainability matters have been measured or evaluated. The intended users are unlikely to be able to base decisions on the sustainability information without access to both the framework criteria and any entity-developed criteria supplementing the framework criteria. In determining whether the criteria are available to the intended users, the practitioner may consider whether they will be available in writing, with sufficient detail, sufficiently clear, and including identification of the version of the criteria applied. Criteria may be made available:

- (a) Publicly, for example, in published framework criteria or a general-purpose framework that is readily available, such as on a website.
- (b) Through inclusion in the sustainability information, in particular for entity-developed criteria.
- (c) By general understanding, for example, the criterion for measuring time in hours and minutes.

Ability to Obtain Evidence Needed (Ref: Para. 79(a))

A203. In determining whether the evidence needed to support the practitioner's conclusion can be expected to be obtained, the practitioner may consider:

- (a) The characteristics of the sustainability matters and the potential sources of evidence; and
- (b) Whether evidence is not available due to the engagement circumstances, even though the evidence could reasonably be expected to exist.

A204. Examples of the nature and availability of evidence that may impact the practitioner's ability to obtain evidence, include:

- The timing of the practitioner's appointment, the entity's document retention policy, inadequate information systems, or a restriction imposed by the appropriate party(ies).
- The nature of the relationship between the appropriate party(ies) affecting the practitioner's ability to access records, documentation, and other information the practitioner may require as evidence to complete the engagement.
- Evidence located at organisations not controlled by the entity, such as entities within the value chain but outside of the reporting entity's control. In such cases, the practitioner may determine whether the entity has contractual arrangements with those organisations to provide access to persons or information, or to provide independent assurance reports on relevant internal controls or the measurement or evaluation of relevant sustainability matters, or whether the entity has plans to put such arrangements in place.

A205. In some circumstances, the practitioner may conclude that, due to the condition and reliability of an entity's records, it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information. This may occur, for example, when the entity has little experience with the preparation of sustainability information. In such circumstances, it may be more appropriate for the sustainability information to be subject to an agreed-upon procedures engagement or a consulting engagement in preparation for an assurance engagement in a later period.

However, such engagements can give rise to potential threats to the practitioner's independence in performing an assurance engagement at a later date.

A206L. The evidence that the practitioner obtains in a limited assurance engagement is more limited than in a reasonable assurance engagement. However, the need for availability and accessibility to evidence is the same regardless of the level of assurance, as the practitioner may be required, in accordance with paragraph 148L, to design and perform additional procedures to obtain further evidence in a limited assurance engagement if the practitioner becomes aware of a matter that causes the practitioner to believe the sustainability information may be materially misstated (see paragraph A232).

Rational Purpose (Ref: Para. 80)

A207. If the assurance engagement is required by law or regulation, the practitioner may presume, in the absence of indications to the contrary, that the engagement has a rational purpose.

A208. Other matters the practitioner may consider in evaluating whether the engagement has a rational purpose, include whether:

- When the engagement is a combined reasonable and limited assurance engagement, there is sufficient justification for the different levels of assurance.
- Management and those charged with governance, if different from the engaging party, have consented to the reporting of the sustainability information.
- When the criteria were selected or developed by the entity, how the intended users were identified in selecting the criteria.
- The degree of judgement and scope for bias in applying the criteria.
- There are any significant limitations on the scope of the practitioner's work.
- The engaging party intends to associate the practitioner's name with the sustainability matters or the sustainability information in an inappropriate manner.

Meaningful level of assurance in a limited assurance engagement (Ref: Para. 80(a))

A209L. The level of assurance the practitioner plans to obtain is not ordinarily susceptible to quantification. Whether the level of assurance is meaningful is a matter of professional judgement for the practitioner to determine in the circumstances of the engagement. In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential.

A210L. Across the range of all limited assurance engagements, what is meaningful assurance can vary from just above assurance that is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential to just below reasonable assurance. What is meaningful in a particular engagement represents a judgement within that range that depends on the engagement circumstances, including the information needs of intended users as a group, the criteria, and the sustainability matters of the engagement.

A211L. Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include:

- The characteristics of the sustainability matters and the applicable criteria.
- Instructions or other indications from the appropriate party(ies) about the nature of the assurance. For example, the terms of the engagement may stipulate particular procedures that the appropriate party(ies) considers necessary or particular aspects the appropriate party(ies) would like the practitioner to focus on within the sustainability information that is within the scope of the assurance engagement. However, the practitioner may consider that other procedures are required to obtain sufficient appropriate evidence to obtain meaningful assurance.
- Generally accepted practice with respect to assurance engagements for sustainability information.
- The information needs of intended users as a group. Generally, the greater the consequence to intended users of receiving an inappropriate conclusion when the sustainability information is materially misstated, the greater the assurance that would be needed in order to be meaningful to them. For example, in some cases, the consequence to intended users of receiving an inappropriate conclusion may be so great that a reasonable assurance engagement is needed for the practitioner to obtain assurance that is meaningful in the circumstances.
- The expectation by intended users that the practitioner will form the limited assurance conclusion on the sustainability information within a short timeframe and at a low cost.

Appropriateness of the scope of the assurance engagement (Ref: Para. 80(c))

- A212. The practitioner's determination of the appropriateness of the scope of the assurance engagement ordinarily involves the consideration of the results of the practitioner's evaluation or determination, as applicable, of the characteristics in paragraph 78(c).
- A213. If the scope of the assurance engagement includes only part of the sustainability information being reported by the entity (e.g., in reporting labour practices, the entity only requires assurance over occupational health and safety disclosures), the practitioner may consider whether the reasons for the scope of the engagement are appropriate.
- A214. The entity may not have a reasonable basis for all of the disclosures in the sustainability information, such as when the entity's processes to prepare some or all of the sustainability information are at an early stage of development. In such cases, if permitted by the applicable criteria, it may be possible to include only those areas of the sustainability information where the processes are more developed within the scope of the assurance engagement, because the preconditions have been met for those areas.
- A215. In jurisdictions in which law or regulation does not require assurance on sustainability information, and in particular for sustainability information that is reported voluntarily, there may be legitimate reasons for not including all of the sustainability information being reported by the entity within the scope of an assurance engagement. In determining whether the sustainability information within the scope of the engagement is appropriate, the practitioner may consider:
- (a) Whether the sustainability information within the scope of the assurance engagement is likely to meet the information needs of intended users; and
 - (b) How the sustainability information will be presented and whether intended users may misinterpret what has, and has not, been subject to the assurance engagement.

A216. Examples of circumstances when the sustainability information subject to the assurance engagement may not be appropriate include:

- Inadequate justification for not including sustainability information to be reported within the scope of the engagement.
- The assurance engagement excludes sustainability information that can be readily measured or evaluated and the exclusion of this sustainability information from the assurance engagement may be misleading to intended users.
- The assurance engagement excludes sustainability information that may be significant to intended users' decisions.
- The assurance engagement includes sustainability information that may be perceived by intended users as positive, and excludes sustainability information that is negative (e.g., areas where the entity has not met targets or has not taken action to achieve goals).
- The reporting boundary excludes significant entities, operations or facilities, which may be misleading to intended users.

A217. The practitioner's evaluation of the suitability of the criteria may include consideration of criteria for the preparation of any other part(s) of the sustainability information not within the scope of the assurance engagement. This may enable the practitioner to consider matters such as:

- Whether there may be omissions of relevant parts of the sustainability information from the sustainability information within the scope of the assurance engagement, and whether such omissions call into question the rational purpose of the engagement; and
- Whether and how the sustainability information is used in the preparer's own decision-making processes, for example:
 - If information relating to an entity's decisions is important to its stakeholders, then it may be reasonable to expect that the entity would be using that information in its own decision-making.
 - If the entity is using the information in its decision-making, then it may be reasonable to expect that a user may be interested in that information.
 - If the information is not used for the entity's own decision-making, that may raise a question as to why the information is being reported, and whether there may be bias in selecting only sustainability information that are easily subject to an assurance engagement or that present the entity in a positive way.

Preconditions Not Present After Acceptance (Ref: Para. 82–83)

A218. If the practitioner discovers after accepting the engagement that one or more of the preconditions in paragraph 76 are not present, but continues the engagement, the assurance report may address the matter. For example:

- When, in the practitioner's professional judgement the intended users are likely to be misled, since either the applicable criteria are unsuitable, or the sustainability matters are inappropriate, a qualified conclusion or adverse conclusion may be appropriate, depending on how material and pervasive the matter is.

- A qualified conclusion or a disclaimer of conclusion may be appropriate in other circumstances depending on, in the practitioner's professional judgement, the materiality and pervasiveness of the matter.

Terms of the Assurance Engagement

Agreeing the Terms of the Assurance Engagement (Ref: Para. 85)

- A219. It is in the interests of both the engaging party and the practitioner for the practitioner to communicate in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary depending on the engagement circumstances. For example, if law or regulation prescribes in sufficient detail the terms of the engagement, the practitioner need not record them in a written agreement, except for the fact that such law or regulation applies and that the appropriate party(ies) acknowledges and understands its responsibilities under such law or regulation.
- A220. When agreeing the terms of engagement, unless restricted by law or regulation, the practitioner may request agreement from management or those charged with governance to provide information or access to persons, such as:
- Access to other practitioners providing audit or assurance reports on part or parts of the other information (e.g., the auditor of the financial statements of the entity if the other information includes the financial statements).
 - Authority to obtain information relevant to the assurance engagement on the sustainability information from the other practitioners.
 - Authority to share information requested by the financial statement auditor relevant to the audit or review of the financial statements.
 - Authority to communicate findings with other practitioners, as appropriate.
- A221. In describing the practitioner's responsibilities in the terms of engagement, the practitioner may consider the responsibilities required to be included in the assurance report in accordance with paragraph 190(h).
- A222. Law or regulation, particularly in the public sector, may mandate the appointment of a practitioner and set out specific powers, such as the power to access an appropriate party(ies)'s records and other information, and responsibilities, such as requiring the practitioner to report directly to a minister, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement.

Changing the Terms of the Assurance Engagement (Ref: Para. 87)

- A223. Examples of when the appropriate party(ies) may request a change to the terms of the assurance engagement and there may not be reasonable justification for doing so include:
- (a) The change is to limited assurance from reasonable assurance because of an inability to obtain sufficient appropriate evidence; or
 - (b) The change is to remove sustainability information from the scope of the assurance engagement to avoid a modification of the assurance conclusion.
- A224. A change in circumstances that affects the intended users' needs, or a misunderstanding concerning the nature of the engagement, may justify a request for a change in the engagement, for example, from an assurance engagement to a non-assurance engagement, or from a reasonable assurance engagement to a limited assurance engagement.

Evidence

Designing and Performing Procedures to Obtain Sufficient Appropriate Evidence (Ref: Para. 89)

- A225. Evidence is necessary to support the practitioner's conclusion and assurance report. It is cumulative in nature and is primarily obtained from procedures performed during the course of the engagement. It may, however, also include information obtained from other sources, such as previous engagements (provided the practitioner has determined whether changes have occurred since the previous engagement that may affect the relevance of the information to the current engagement), a firm's policies or procedures for acceptance and continuance of client relationships and assurance engagements, or the work of another practitioner. Evidence comprises information that supports or corroborates disclosures, and any information that contradicts disclosures.
- A226. The practitioner obtains evidence by designing and performing procedures, including risk assessment procedures and further procedures, to comply with this ISSA (NZ). The nature of a procedure refers to its purpose and its type. Types of procedures include enquiries, inspection, observation, confirmation, recalculation, reperformance and analytical procedures.

Designing and Performing Procedures in a Manner that Is Not Biased (Ref: Para. 89(a))

- A227. Unconscious or conscious biases may affect the engagement team's professional judgements in designing and performing procedures, which may impede the exercise of professional scepticism. An awareness of such biases when designing and performing procedures may help to mitigate impediments to the practitioner's exercise of professional scepticism in critically assessing evidence and determining whether sufficient appropriate evidence has been obtained. Such awareness may also enable the practitioner to design and perform procedures that seek to avoid:
- Placing more weight on evidence that corroborates disclosures than evidence that contradicts or casts doubt on such disclosures (confirmation bias).
 - Using an initial piece of information or evidence as an anchor against which subsequent information or evidence is assessed (anchoring bias).
 - Placing more weight on information that immediately comes to mind or uses information from sources that are more readily available or accessible (availability bias).
 - Placing weight or undue reliance on output from automated systems or information in digital format, or assuming it is relevant and reliable, without performing appropriate procedures (automation bias).
 - Placing undue reliance on information prepared by an expert or another practitioner, or assuming the information is relevant and reliable, without performing appropriate procedures (authority bias).

- A228. Obtaining evidence in an unbiased manner may involve obtaining information from multiple sources (see also paragraphs A255–A257).

Procedures that Are Appropriate in the Circumstances (Ref: Para. 89(b))

- A229. Procedures are appropriate in the circumstances when the nature, timing and extent of such procedures are designed, performed and executed in a manner that achieves the intended purpose of the procedures. The purpose of performing a procedure may be related to risk assessment procedures, further procedures or another procedure to comply

with this ISSA (NZ). For example, the purpose may be to obtain evidence about whether an event has occurred or whether the disclosures are complete.

A230. In designing and performing procedures that are appropriate in the circumstances to provide evidence to meet the intended purpose of those procedures, the practitioner's considerations may include whether information intended to be used as evidence:

- Is expected to be available in digital, written or oral form, related to a point in time or for a period, and is to be obtained from internal or external sources.
- Is needed across multiple disclosures and how that affects the nature, timing and extent of evidence needed. For example, the nature and availability of appropriate evidence may vary based on whether the disclosures relate to an entity's processes, governance, controls or key performance indicators, and the characteristics of the disclosures, such as whether they are quantitative, qualitative, historical or forward-looking (see also paragraphs A240–A244).
- Relates to disclosures that include information from the entity's value chain, and how that may affect the ability to obtain sufficient appropriate evidence.
- Will need to be obtained across multiple locations or jurisdictions (e.g., for a group sustainability assurance engagement).
- Relates to disclosures that are factual, judgemental or subject to estimation uncertainty.

A231. In designing and performing procedures, the appropriateness of an approach or technique in selecting items for testing depends on several factors, such as:

- The nature of the sustainability matters or population to be tested.
- The intended purpose of the procedure.
- How the procedure is designed.
- Whether the practitioner is performing the procedure manually or using automated tools and techniques.
- The matters described in paragraph A230 relating to information intended to be used as evidence.
- The persuasiveness of evidence that is needed in the circumstances.

Sufficiency and Appropriateness of Evidence (Ref: Para. 89(b))

A232. The practitioner is required to obtain sufficient appropriate evidence to provide a basis for the assurance conclusion. The sufficiency and appropriateness of evidence are interrelated and together affect the persuasiveness of evidence. In both limited and reasonable assurance engagements, the collective persuasiveness of the evidence obtained establishes the level of assurance obtained. The practitioner aims to obtain evidence that is collectively persuasive to respond to risk considerations. Ordinarily, evidence will be persuasive rather than conclusive. As explained in paragraph A206L, the evidence that the practitioner obtains in a limited assurance engagement is more limited than in a reasonable assurance engagement. However, if the practitioner becomes aware in a limited assurance engagement of a matter(s) that causes the practitioner to believe that the sustainability information may be materially misstated, the practitioner is required to design and perform additional procedures to obtain further evidence.

- A233. Sufficiency is the measure of the quantity of evidence. Sufficiency is also affected by the quality of evidence (the higher the quality, the less may be required). Obtaining more evidence, however, may not compensate for its poor quality.
- A234R. For reasonable assurance engagements, the quantity of evidence needed is affected by the nature and number of disclosures and the assessment of the risks of material misstatement at the assertion level for those disclosures (the higher the assessed risks, the more evidence is likely to be required).
- A235L. For limited assurance engagements, the quantity of evidence needed is affected by the nature and number of disclosures and the assessment of the risks of material misstatement at the disclosure level. As explained in paragraph A209L, the procedures in a limited assurance engagement vary in nature and timing and are lesser in extent than for a reasonable assurance engagement but are, nonetheless, planned to obtain a level of assurance that is meaningful. The sufficiency of evidence is evaluated in that context.
- A236. The appropriateness of evidence refers to its quality. The quality of evidence depends on the relevance and reliability of the information intended to be used as evidence as well as the effectiveness of the design of the assurance procedures and the practitioner's application of those procedures. Information that is more relevant and reliable ordinarily is of a higher quality and, therefore, may provide more persuasive evidence. If the evidence is more persuasive, the practitioner may determine that the evidence is sufficient in providing support for the practitioner's conclusions. Alternatively, when evidence is less persuasive, the practitioner may determine that additional evidence is needed. However, increasing the quantity of evidence by performing the same type of procedures may not provide more persuasive evidence in all circumstances.
- A237. The practitioner uses professional judgement and exercises professional scepticism in evaluating the sufficiency and appropriateness of evidence to support the assurance conclusion.
- A238. Factors that affect the evidence that may be available in the circumstances, in terms of quantity or quality, and therefore impact its sufficiency or appropriateness, include the following:
- The characteristics of the sustainability matters or disclosures. For example, less objective evidence might be expected when the disclosures are forward-looking rather than historical.
 - Whether the source of the information used to prepare the disclosures is accessible. For example, if the criteria require the sustainability information to include information from value chain entities outside of the entity's control, there may be limitations on access to such information or to the work of another practitioner that may have provided an assurance report on such information. Such limitations may also affect the practitioner's evaluation of the relevance and reliability of this information intended to be used as evidence (see also paragraphs A236 and A252).
 - Other circumstances, such as when evidence that could reasonably be expected to exist is not available because of factors such as those described in paragraph A204.
- A239. The procedures designed and performed by the practitioner may also affect the persuasiveness of the evidence obtained. For example, in a reasonable assurance engagement, evaluating the design and implementation of controls relating to processes in the entity's information system that support the preparation of the sustainability information, or external confirmation procedures to obtain evidence about information

used by management in preparing the sustainability information, may provide more persuasive evidence than enquiry of management. In a reasonable assurance engagement, enquiry alone ordinarily does not provide sufficient appropriate evidence.

Qualitative Information (Ref: Para. 89(b))

A240. Some qualitative disclosures may be factual and directly observable or otherwise able to be subject to further procedures to gather evidence. However, some qualitative disclosures may be inherently judgemental, not directly observable and may be susceptible to management bias. The practitioner may need to exercise significant professional judgement in evaluating what constitutes sufficient appropriate evidence in these circumstances.

A241. The entity's information system, including internal controls, may be different for quantitative and qualitative information. This may have implications for the practitioner's planned procedures, the ability to obtain the evidence needed about qualitative sustainability information, and the assurance conclusion. For example, when designing and performing procedures for qualitative sustainability information, the practitioner may consider:

- Whether, in the case of a reasonable assurance engagement, substantive procedures alone will provide sufficient appropriate evidence. If not, the practitioner may need to perform tests of controls over the integrity of data, or other controls within the entity's information system that support the preparation of the qualitative information.
- The source of the information intended to be used as evidence, how such information has been captured and processed by the entity's information system, and how this may affect the reliability of the information. For example, information may be captured directly into the entity's information system on a real-time basis without supporting documentation or may be obtained through informal communication.

Forward-looking Information (Ref: Para. 89(b))

A242. Forward-looking information, by its nature, is predictive and may be expressed in both quantitative and qualitative terms. Information about future conditions or outcomes relate to events and actions that have not yet occurred and may not occur, or that have occurred but are still evolving in unpredictable ways. For example, this information may include forecasts or projections, and may relate to the entity's intentions or strategy, future risks and opportunities. While forward-looking information may result from applying criteria to the sustainability matters, the sustainability matters (a future event, occurrence or action) may be subject to greater uncertainty, and ordinarily able to be evaluated with less precision than historical matters. Uncertainty and the need for judgement are also likely to increase the further into the future the period to which the disclosures relate. Unlike historical information, it is not possible for the practitioner to determine whether the results or outcomes forecasted or projected have been or will be achieved or realised. The practitioner may obtain evidence about whether the forward-looking information has been prepared in accordance with the applicable criteria on the basis of the assumptions used by the entity, and:

- (a) In the case of forecasts, whether the assumptions used provide a reasonable basis for preparing the sustainability information; or
- (b) In the case of projections that use hypothetical assumptions, whether such

assumptions are consistent with the purpose of the information.

- A243. Evidence may be available to support the assumptions on which the forward-looking sustainability information is based, but such evidence itself may also be forward-looking and, therefore, speculative in nature. Accordingly, the practitioner may need to exercise significant professional judgement in determining whether the evidence is sufficient and appropriate. In some circumstances, the evidence available may support a range of possible outcomes with the disclosure falling within that range. The practitioner's evaluation of whether the disclosures are reasonable based on the evidence obtained is further addressed in paragraph 179.
- A244. The nature and availability of evidence for forward-looking information, and what constitutes sufficient appropriate evidence, will likely vary by topics, aspects of topics and disclosures, and the practitioner's consideration of potential material misstatements. For example:
- When disclosures relate to future strategy, a target, or other intentions of an entity, the practitioner may focus evidence-gathering activities on whether management or those charged with governance have an intention to follow that strategy, the target or intention exists, or there is a reasonable basis for the intended strategy or target (e.g., the practitioner may obtain evidence to support that the entity has the ability to carry out its intent, or is implementing controls over source data and the assumptions on which the strategy is based).
 - When disclosures relate to future risks and opportunities, the practitioner may focus evidence-gathering activities on information available from the entity's risk register or records of discussions of those charged with governance if the entity's controls over the maintenance of the risk register and the minuting of discussions provide a reasonable basis for using these sources as evidence. In a reasonable assurance engagement, the practitioner may need to consider obtaining evidence about the effectiveness of the entity's controls.

Information Intended to Be Used as Evidence

Evaluating the Relevance and Reliability of Information Intended to Be Used as Evidence (Ref: Para. 90)

- A245. In planning and performing a sustainability assurance engagement, the practitioner may obtain information from a variety of sources and in different forms. Such information ordinarily is expected to result in evidence to support the conclusions that form the basis for the practitioner's assurance conclusion and report. However, such information can become evidence only after procedures are applied to it, including procedures to evaluate its relevance and reliability. For purposes of this ISSA (NZ), this information is referred to as "information intended to be used as evidence."
- A246. Factors that may influence the nature, timing and extent of procedures to evaluate the relevance and reliability of information intended to be used as evidence, include:
- (a) The source of the information (see paragraphs A255–A257); and
 - (b) The attributes of relevance and reliability of the information that are considered applicable in the circumstances (see paragraphs A258–A263).

- A247. In some circumstances, the procedures to evaluate relevance and reliability may be straightforward (e.g., comparing information used by management to information published by a national government body). In other circumstances, procedures, including tests of controls, may be performed to evaluate the reliability of information (e.g., the accuracy and completeness of information generated internally from the entity's information system).
- A248. Evidence from performing other procedures in accordance with this ISSA (NZ) also may assist the practitioner in evaluating the relevance and reliability of information intended to be used as evidence. For example, evidence obtained from:
- The practitioner's understanding of the entity and its environment, the applicable criteria and the entity's system of internal control.
 - Tests of controls over the preparation and maintenance of the information.
 - Procedures performed when using the work of a practitioner's expert.

Form, availability, accessibility and understandability of information

- A249. The form, availability, accessibility and understandability of the information intended to be used as evidence may affect:
- (a) The design and performance of the procedures in which the information will be used; and
 - (b) The practitioner's evaluation of the relevance and reliability of the information.

For example, information may only be available in digital form on a continuous basis. In such circumstances, the practitioner may use automated tools and techniques that are designed to operate on a real-time basis to evaluate the relevance and reliability of the information.

- A250. The practitioner may receive information intended to be used as evidence in many forms, ranging from information generated from highly complex automated systems to information manually prepared by management and others within the entity. The practitioner may have an expectation of the form in which information intended to be used as evidence will be received. Remaining alert for information intended to be used as evidence that is received in a form different from the expected form may assist the practitioner in mitigating unconscious biases that may impede the practitioner's exercise of professional scepticism. In addition, receiving information in a form different from that expected may also be relevant to the practitioner's evaluation of the reliability of that information.
- A251. Information intended to be used as evidence may exist, but access to such information may be restricted, for example, due to restrictions imposed by law or regulation or the source providing the information (e.g., due to hospital patient confidentiality), or due to war, civil unrest or outbreaks of disease. In some cases, the practitioner may be able to overcome restrictions on access to information. In particular, the practitioner may request management or those charged with governance of the entity to assist in requesting information from a source when contractual obligations exist between an information source and the entity. For example, this may be possible when the reporting entity has a direct business relationship with a value chain entity, such as a large supplier or customer. The practitioner may also consider whether it is possible to visit a location to inspect information that is available but cannot be transferred outside of a jurisdiction.

- A252. As explained in paragraph A238, there may be limitations on management’s ability to obtain information from value chain entities outside of the entity’s control. In these circumstances, the applicable criteria may provide certain relief provisions for management (e.g., the ability to develop estimates using sector-average data after making reasonable efforts to obtain the information). Regardless of any limitations on management’s ability to obtain information from such value chain entities, the practitioner is required to obtain sufficient appropriate evidence about the value chain information reported by management. Paragraph A290 describes procedures that may be considered by the practitioner in these circumstances, including testing management’s process for obtaining such information.
- A253. The practitioner may be unable to obtain sufficient appropriate evidence if the practitioner determines that it is not practicable to obtain information intended to be used as evidence or does not have a sufficient basis to evaluate the relevance and reliability of information (e.g., from an external source). In some circumstances, the practitioner may be able to obtain sufficient appropriate evidence through alternative procedures. An inability to obtain sufficient appropriate evidence requires the practitioner to express a qualified conclusion or disclaim a conclusion on the sustainability information, or withdraw from the engagement if withdrawal is possible under applicable law or regulation, in accordance with paragraph 185.
- A254. In some circumstances, specialised skills or knowledge may be needed to understand or interpret the information intended to be used as evidence, for example, emissions data from downstream or upstream entities, water quality or biodiversity measurements. Accordingly, the practitioner may consider using a practitioner’s expert to assist in understanding or interpreting the information intended to be used as evidence if the engagement team does not have the appropriate competence and capabilities to do so.

Sources of information

- A255. Information intended to be used as evidence may come from internal sources or external sources and may affect the availability, accessibility and understandability of the information intended to be used as evidence. For example, information may come from:
- The entity’s records, management or other sources internal to the entity.
 - Other entities within the entity’s control.
 - Entities in the value chain. For value chain information, the framework criteria may recognise that management’s ability to access information directly from value chain entities outside of the entity’s control may be limited, and therefore may include provisions that take into account the impact of such limitations on the responsibilities of management. For example, the framework criteria may permit management to use reasonable and supportable information (e.g., publicly available sector-average data) when management is unable to obtain information from the value chain entity after making reasonable efforts to do so. See also paragraphs A289–A290 regarding the impact on the practitioner's work.
 - A management’s expert.
 - A practitioner’s expert.
 - Independent sources external to the entity, other than a management’s or practitioner’s expert, that provide information, such as the entity’s legal counsel, customers, suppliers, governmental agencies, bank, or general data providers (e.g., entities providing macro-economic, industry or social data).

- A service organisation.
- Another practitioner, which may include a practitioner engaged by an entity to provide a one-to-many report (see paragraph A291).

A256. The practitioner is not required to perform an exhaustive search to identify all possible sources of information to be used as evidence. The practitioner's understanding of the entity and its environment, the applicable criteria and the entity's system of internal control may assist the practitioner in identifying appropriate sources of information.

A257. The practitioner ordinarily obtains more assurance from consistent evidence obtained from different sources or of a different nature than from items of evidence considered individually. In addition, obtaining information intended to be used as evidence from different sources or of a different nature may indicate that an individual item of information intended to be used as evidence is not reliable. For example, corroborative information obtained from a source independent of the entity may increase the assurance the practitioner obtains from a representation from management. Conversely, when evidence obtained from one source is inconsistent with that obtained from another, the practitioner determines what additional procedures are necessary to resolve the inconsistency.

Attributes of relevance and reliability of information

A258. The quality of evidence depends on the relevance and reliability of the information upon which it is based. Whether, and the degree to which, certain attributes of relevant and reliable information are considered applicable in the circumstances is a matter of professional judgement.

Relevance

A259. The principal attribute of the relevance of information intended to be used as evidence deals with the logical connection with, or bearing upon, the purpose of the procedure, including, in a reasonable assurance engagement, the assertion being tested. The degree to which the information relates to meeting the purpose of the procedure may also be a consideration.

Reliability

A260. The reliability of information intended to be used as evidence deals with the degree to which the practitioner may depend on such information. Common attributes that may be applicable when considering the degree to which information intended to be used as evidence is reliable may include whether the information is:

- (a) Accurate (free from error).
- (b) Complete (reflecting all applicable events, conditions and circumstances).
- (c) Authentic (genuine, authorised and not inappropriately altered).
- (d) Free from bias (whether intentional or unintentional).
- (e) Credible (generated by a competent, capable and trustworthy source).

Factors that affect the practitioner's professional judgement regarding the attributes of relevance and reliability

A261. Factors that may affect the practitioner's professional judgement about the relevance and reliability of information intended to be used as evidence, including which attributes of reliability may be applicable in the circumstances, include:

- The disclosures and, for reasonable assurance engagements, the assertions, for which the information will be used as evidence. Information may be relevant to multiple disclosures. Some information may be relevant for certain assertions but not others.
- The period of time to which the information relates.
- The controls over the preparation and maintenance of the information.
- The practitioner's assessment of the risks of material misstatement at the disclosure level (in a limited assurance engagement) or at the assertion level for the disclosures (in a reasonable assurance engagement).
- The intended purpose of the procedure in which the information will be used.
- The level of detail of the information needed given the intended purpose of the procedure. For example, information related to key performance indicators used by management may not be precise enough to detect material misstatements at the assertion level and therefore may not, in a reasonable assurance engagement, be appropriate for use by the practitioner in performing further procedures.
- The level of precision within the applicable criteria regarding what is to be reported and how it is to be measured or evaluated. For example, when the applicable criteria require more granular quantitative disclosures, the practitioner may consider the attributes of accuracy and completeness to be important.
- The source of the information. For example, accuracy and completeness ordinarily will be applicable attributes for information generated internally from the entity's information system (such as when performing further procedures). For information obtained from a source external to the entity, the practitioner may be more focused on other attributes of reliability, including the credibility of the source providing the information.
- The ability of the reporting entity to influence information obtained from external sources with whom they have relationships.
- Evidence of general market acceptance by users of the relevance and reliability of information from an external source, including tolerance for less precise information, for example, when that information is inherently subjective.

A262. The reliability of information, in particular the attributes of accuracy, completeness and authenticity, when deemed to be applicable in the circumstances, may also be affected by whether the integrity of the information has been maintained through all stages of processing through the entity's information systems. For example, an entity's information system may include general information technology controls to safeguard and maintain the integrity of the sustainability information.

A263. The source of the information intended to be used as evidence may affect the nature and extent of the practitioner's evaluation of the relevance and reliability of the information. It may also affect how the practitioner responds to matters such as doubts about the reliability of the information, or inconsistencies in evidence. For example, if the

information comes from a highly reputable external source, such as an authorised jurisdictional environmental agency, the practitioner's work effort in considering the reliability of the information may not be extensive.

Information Produced by the Entity (Ref: Para. 91)

- A264. In order for the practitioner to obtain reliable evidence, information produced by the entity that is used for performing procedures needs to be sufficiently complete and accurate. Obtaining evidence about the accuracy and completeness of such information may be performed concurrently with the actual procedure applied to the information when obtaining such evidence is an integral part of the procedure itself. In other situations, the practitioner may have obtained evidence of the accuracy and completeness of such information by testing controls over the preparation and maintenance of the information. In some situations, however, the practitioner may determine that additional procedures are needed.
- A265. In some cases, the practitioner may intend to use information produced by the entity for other purposes. For example, the practitioner may intend to use the entity's production numbers for the purpose of analytical procedures for water or energy consumption, or to use the entity's information produced for monitoring activities, such as reports of the internal audit function. In such cases, the appropriateness of the evidence obtained is affected by whether the information is sufficiently precise or detailed for the practitioner's purposes. For example, performance measures used by management may not be precise enough to detect material misstatements.

Work Performed by a Management's Expert (Ref: Para. 92)

- A266. When evaluating the relevance and reliability of information intended to be used as evidence prepared by a management's expert:
- (a) The competence and capabilities of that expert may inform the practitioner's consideration of the attribute of credibility. The credibility of the source providing the information affects the degree to which information intended to be used as evidence is reliable; and
 - (b) The objectivity of that expert may inform the practitioner's consideration of the attribute of bias. A broad range of circumstances may influence the professional judgements of the management's expert, which may threaten the management expert's objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats and intimidation threats. Bias in the information intended to be used as evidence also affects the degree to which information is reliable. In some cases, information prepared by a management's expert may be subject to bias, as management may have an influence on the professional judgements of the management's expert.

Competence and Capabilities of the Management's Expert (Ref: Para. 92(a))

- A267. Competence relates to the nature and level of expertise of the management's expert. Factors that may affect whether the management's expert has the appropriate competence include:
- Whether the expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association,

accreditation standards of a licensing body, or requirements imposed by law or regulation.

- The matter for which the management expert's work will be used, and whether they have the appropriate level of expertise applicable to the matter, including expertise in a particular area of specialty.
- The management's expert's competence with respect to relevant sustainability matters, for example, knowledge of assumptions and methods, including models when applicable, that are consistent with the applicable criteria.

A268. Capabilities relates to the ability of the management's expert to exercise the competence in the circumstances. Factors that may influence capabilities may include geographic location, and the availability of time and resources.

Obtain an Understanding of the Work Performed by the Management's Expert (Ref: Para. 92(b))

A269. Matters relevant to the practitioner's understanding of the work performed by the management's expert may include:

- The relevant field of expertise.
- The nature, scope and objectives of the management's expert's work.
- Whether there are professional or other standards, and regulatory or legal requirements that apply in preparing the information.
- How the information has been prepared by the management's expert, including:
 - The assumptions and methods used by the management's expert, and whether they are generally accepted within that expert's field and appropriate in the context of the applicable criteria and the sustainability matters;
 - The underlying information used by the management's expert; and
 - The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence.

Obtain an Understanding of How the Information Prepared by the Management's Expert Has Been Used by Management in the Preparation of the Sustainability Information (Ref: Para. 92(c))

A270. Obtaining an understanding about how the information prepared by a management's expert has been used by management in the preparation of the sustainability information may include understanding:

- (a) How management has considered the appropriateness of the information prepared by the management's expert; and
- (b) The modifications made by management to the information prepared by the management's expert.

A271. This understanding may assist the practitioner in:

- (a) Evaluating the relevance and reliability of the information intended to be used as evidence; and
- (b) Understanding whether the expert's findings or conclusions have been appropriately reflected in the sustainability information. For example, in some circumstances, management may need to modify the information prepared by the management's expert, such as when the information provided is too general and requires

adjustment to reflect the circumstances unique to the entity. Management's adjustments may give rise to bias, or management may not have the appropriate competence and capabilities to adapt or adjust the information, which may cause the information to be inaccurate, incomplete or lack credibility.

Evaluating the Appropriateness of the Management's Expert's Work (Ref: Para. 92(d))

A272. Considerations when evaluating the appropriateness of the management's expert's work as evidence may include:

- The relevance and reasonableness of that expert's findings or conclusions, their consistency with other evidence, and whether they have been appropriately reflected in the sustainability information;
- If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods; and
- If that expert's work involves significant use of source data, the relevance and reliability of that source data.

Doubts About the Relevance and Reliability of Information Intended to Be Used as Evidence (Ref: Para. 93–94)

A273. Unless the practitioner has reason to believe the contrary, the practitioner may accept records and documents as genuine. When the practitioner identifies conditions that cause the practitioner to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, possible procedures to investigate further may include:

- (a) Confirming directly with the third party.
- (b) Using the work of an expert to evaluate the document's authenticity.

A274. Factors or circumstances that may give rise to doubts about the reliability of information intended to be used as evidence include:

- An inability to evaluate the relevance and reliability of the information, including, for example, whether the information is authentic.
- Misstatements identified during the assurance engagement.
- Deficiencies in internal control identified by the practitioner.
- When procedures performed on a population result in a higher rate of deviation than expected.
- When information intended to be used as evidence is inconsistent with other information or evidence.

A275. The relevance of information intended to be used as evidence may be affected by the period of time to which the information relates. For example, the relevance of such information may change based on the passage of time or due to events or conditions, such as the identification of new information. Such circumstances may occur when the practitioner identifies information from an alternative or more credible source which negates, or causes doubt about, the relevance of the initial information intended to be used as evidence.

A276. In cases of doubt about the reliability of information or indications of possible fraud, this ISSA (NZ) requires the practitioner to investigate further and determine what

modifications or additions to procedures are necessary to resolve the matter. Doubts about the reliability of information from management may indicate a risk of fraud.

Planning

Overall Strategy and Engagement Plan (Ref: Para. 95)

Planning Activities

A277. Adequate planning helps to:

- Devote appropriate attention to important areas of the engagement;
- Identify potential problems on a timely basis and properly organise and manage the engagement in order for it to be performed in an effective and efficient manner;
- Properly assign work to engagement team members, and facilitate the direction and supervision of engagement team members and the review of their work; and
- When applicable, coordinate work done by other practitioners and experts.

A278. Planning involves the engagement leader, other key members of the engagement team, and any key practitioner's external experts developing:

- (a) An overall strategy for the scope, timing and direction of the assurance engagement; and
- (b) An engagement plan, consisting of a detailed approach for the nature, timing and extent of procedures to be performed, and the reasons for selecting them.

A279. The nature and extent of planning activities will vary with the engagement circumstances. Examples of matters that may be considered include:

- The characteristics of the entity and its activities.
- Whether the engagement is a limited assurance engagement, reasonable assurance engagement or a combined limited and reasonable assurance engagement.
- The nature of the sustainability matters.
- Whether there are sustainability matters that may also relate to matters disclosed in the entity's financial statements and, if so, whether communication with the auditor of the financial statements, if not prohibited by law or regulation, may be useful for planning the assurance engagement (e.g., to inform each other about common sustainability matters that may be susceptible to risks of misstatement, or to discuss other matters that may be identified during the course of the respective engagements). If such matters are identified, communication between the practitioner and the auditor of the financial statements may take place at appropriate times throughout the assurance engagement. In some cases, authorisation from management may be needed to share the entity's information with the auditor of the financial statements.
- The expected timing and the nature of the communications required with management or those charged with governance.
- The reporting boundary.
- The practitioner's understanding of the entity and its environment, including the risks that the disclosures may be materially misstated due to error or fraud.
- The intended users and their information needs.

- The nature, timing and extent of resources necessary to perform the engagement, such as expertise required, including the nature and extent of the involvement of experts.
- If the entity has an internal audit function, the impact on the engagement.

A280. Information obtained in the acceptance and continuance process may assist the engagement leader in planning and performing the engagement. Such information may include:

- Information about the size, complexity and nature of the entity, including the industry in which it operates and the applicable criteria.
- The entity's timetable for reporting.
- If the assurance engagement relates to a group, the nature and extent of the control relationships between the entity and other entities within the group.
- Relevant knowledge gained on other engagements performed by the engagement team for the entity.
- Whether there have been changes in the entity or in the industry in which the entity operates since the previous assurance engagement that may affect the nature of resources required, as well as the manner in which the work of the engagement team will be directed, supervised and reviewed.

A281. The practitioner may decide to discuss elements of planning with the entity when obtaining a preliminary knowledge of the engagement circumstances, determining the scope of the engagement or to facilitate the conduct and management of the engagement (e.g., to coordinate some of the planned procedures with the work of the entity's personnel). Although these discussions often occur, the approach to the engagement remains the practitioner's responsibility. When discussing the approach to the engagement, care is needed in order not to compromise the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the entity may compromise the effectiveness of the engagement by making the procedures too predictable.

A282. Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or evidence obtained, the practitioner may revise the approach to the engagement, and thereby the resulting planned nature, timing and extent of procedures.

Scalability

A283. In less complex engagements, the entire engagement may be conducted by the engagement leader (who may be a sole practitioner) or a very small engagement team. With a smaller team, coordination of, and communication between, team members is easier. Establishing the approach to the engagement in such cases need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the engagement, including the sustainability matters and applicable criteria, the scope of the assurance engagement, and the size of the engagement team. For example, in the case of a recurring engagement, a brief memorandum prepared at the completion of the previous engagement, based on a review of the working papers and highlighting issues identified in the engagement just completed, updated in the current period based on discussions with appropriate parties, may be appropriate as the engagement strategy for the current engagement.

Nature, Timing and Extent of Planned Procedures

A284. The practitioner uses professional judgement in identifying the appropriate approach to planning and performing assurance procedures to obtain sufficient appropriate evidence. Understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting may assist the practitioner in planning the engagement. Matters that may be relevant in this regard include:

- The information needs of intended users (e.g., intended users may place more significance on information about certain sustainability topics, or aspects of topics, than others).
- Whether the applicable criteria address how the sustainability information should be presented, and how the entity has applied such criteria. Applicable criteria do not always specify in detail the required level of aggregation or disaggregation. They may, however, include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances. For example, the applicable criteria may require the entity to report operational sites situated in areas of high biodiversity value by geographical location only. In other circumstances, the applicable criteria may require that information be disaggregated further to operational size and relative vicinity.
- The entity's reporting policies regarding preparation of the sustainability information, including its policies for classification and presentation of the sustainability information.
- Whether the disclosures pertain to one or more entities within the reporting boundary, and whether such entities are within or outside the reporting entity's control.
- The extent to which the sustainability information:
 - Is processed using common information systems and controls; and
 - Has a common unit of measure.
- How sustainability information is communicated internally to management or those charged with governance.
- Whether the disclosures relate to similar or interconnected topics, aspects of the topics, or characteristics (see also paragraphs A286–A287).
- How the entity's industry peers present the sustainability information.

A285. The practitioner may decide that the way management has aggregated or disaggregated the sustainability information for purposes of presentation is the most appropriate approach for the engagement. However, the practitioner may decide that there are other logical ways of grouping the sustainability information for purposes of planning and performing the engagement.

A286. In addition to the factors in paragraph A284, preliminary expectations about the risks of material misstatement may also be relevant to the practitioner's decision about grouping the sustainability information. For example, if misstatements were identified in the information for certain topics or aspects of topics in previous assurance engagements, the practitioner may decide that the information for those topics or aspects of topics needs to be considered separately.

A287. The practitioner’s decision about grouping the entity’s disclosures for purposes of planning and performing the engagement, and the manner in which it is done, involves professional judgement. Given the diverse nature of sustainability information, some topics and aspects of topics are more capable of being grouped than others. In addition, care is needed when grouping disclosures so that risks of material misstatement are identified and responded to appropriately.

Examples of possible ways for the practitioner to group the disclosures:

- By topics: All disclosures on climate; all disclosures on labour practices.
- By aspects of topics: All disclosures regarding risks and opportunities (regardless of the topic); all disclosures regarding targets.
- By topic and aspect of topic: All disclosures regarding targets for climate; all disclosures regarding scenario analysis for climate.
- By characteristics: All disclosures that are qualitative; all disclosures that are forward-looking; all disclosures that are historical.
- By characteristics by aspect of topic: All disclosures regarding targets that are judgemental; all disclosures regarding targets that are historical.

Overall Engagement Strategy and Engagement Plan for Group Sustainability Assurance Engagements

Sustainability Information on Which Assurance Work Will Be Performed (Ref: Para. 96(a))

A288. For a group sustainability assurance engagement, the determination of the information on which assurance work will be performed is a matter of professional judgement depending on the source of the information (i.e., the entities or business units to which the information relates). Matters that may influence the practitioner’s determination include, for example:

- The nature and extent of disaggregation of the sustainability information. The matters described in paragraph A284 may be helpful in this regard.
- Whether there are specific locations at which procedures may need to be performed to obtain sufficient appropriate evidence for sustainability information that is important to intended users (e.g., if information about occupational health and safety is of particular importance to users and such information is confined to one or two entities or business units).
- The nature and extent of misstatements or control deficiencies identified at entities in prior sustainability assurance engagements.

Resources Needed to Perform the Engagement (Ref: Para. 96(b))

A289. Matters that may influence the practitioner’s determination of the resources needed to perform a group sustainability assurance engagement, including component practitioner(s), include, for example:

- Whether sufficient appropriate evidence is expected to be available from records held by group management, taking into account:
 - The practitioner’s understanding of the entity and its environment.
 - The entity’s system of internal control, including the information system, and

its degree of centralisation. For example, the need to involve a component practitioner may be greater when the system of internal control is decentralised.

- Whether the practitioner is aware of work that has been performed, or will be performed, on sustainability information that has been aggregated from other entities within the entity's control.
- The geographic dispersion of the entities or business units from which information is aggregated.
- Management's process for obtaining information from the value chain. In some circumstances, the criteria may permit management to estimate the information to be reported by using sector-average data and other proxies if management is unable to obtain the information after making reasonable efforts to do so.
- Access arrangements, or any restrictions on access to information. For example, using the work of a component practitioner may be necessary if the practitioner's access to information from an entity in a particular jurisdiction is restricted.
- The knowledge and experience of the engagement team. For example, a component practitioner may have greater experience and a more in-depth knowledge than the practitioner about local laws or regulations, business practices, language and culture.
- Previous experience of using the work of component practitioner(s).

A290. In determining the nature and extent of evidence to be obtained in relation to sustainability information from group components or value chain components, the following procedures may be considered by the practitioner:

- Inspecting records and documents held by the group: The reliability of this evidence is determined by the nature and extent of the records and supporting documentation retained by the entity. In some cases, the group may not maintain independent detailed records or documentation of specific sustainability matters relating to group components, and in most cases will not do so with respect to value chain components.
- Inspecting records and documents at the component: The practitioner's access to the records of a component may be established as part of the contractual or other arrangements between the group and the component. This is more likely to be the case for group components.
- Testing management's process for obtaining information from value chain components: Due to the limitations that may exist in obtaining information from the value chain, the practitioner's procedures may in some cases be limited to evaluating whether management has complied with the requirements of the criteria, and testing the reasonableness of such information. The practitioner may also seek to obtain evidence from the work of another practitioner if work has been performed on that information. Regardless of any limitations that may exist in obtaining information from the value chain, the practitioner is required to obtain sufficient appropriate evidence. See also paragraphs A252–A253.
- Obtaining confirmations of sustainability information from the component:
 - If the group maintains independent records of sustainability information, confirmation from the component corroborating information in the group

entity's records may constitute reliable evidence.

- If the group does not maintain independent records, information obtained in confirmations from the component is merely a statement of what is reflected in the records maintained by the component. Therefore, such confirmations do not, taken alone, constitute sufficient appropriate evidence. In these circumstances, the practitioner may consider whether an alternative source of independent evidence can be identified.
- Performing analytical procedures on the records maintained by the group or on the information received from the component: the effectiveness of analytical procedures is likely to vary by disclosure or assertion and will be affected by the extent and detail of information available.

Whether to Obtain Evidence from the Work Performed by Another Practitioner(s) (Ref: Para. 96(c))

A291. If the practitioner plans to use a one-to-many report of another practitioner as evidence, paragraph 51 requires the practitioner to evaluate whether the description of the procedures performed and the results thereof are appropriate for the practitioner's purposes. However, the use of such a report does not alter the practitioner's responsibility to obtain sufficient appropriate evidence to provide a reasonable basis to support the practitioner's assurance conclusion on the sustainability information of the group.

Materiality (Ref: Para. 98–100)

A292. The practitioner's consideration or determination of materiality, as applicable, is relevant when performing risk assessment procedures, determining the nature, timing and extent of further procedures, and evaluating whether the sustainability information is free from material misstatement.

A293. Considering materiality for qualitative disclosures involves the practitioner actively reflecting upon factors that may lead to potential material misstatements (see paragraph A300).

A294. In considering or determining materiality, the practitioner considers disclosures that may be important to intended users. The practitioner's risk assessment procedures are designed and performed to identify and assess risks of material misstatement at the disclosure level (for limited assurance) or at the assertion level for the disclosures (for reasonable assurance). Therefore, judgements about materiality and the nature and likelihood of potential misstatements are relevant to the practitioner's approach, including the way in which the sustainability information is grouped for planning and performing the engagement, as explained in paragraphs A284-A287.

A295. Professional judgements about materiality are made in light of surrounding circumstances, but are not affected by the level of assurance. That is, for the same intended users and purpose, materiality for a reasonable assurance engagement is the same as for a limited assurance engagement because materiality is based on the information needs of intended users.

A296. The framework criteria may include a discussion of the concept of materiality that provides a frame of reference for consideration or determination of materiality by the practitioner. In the absence of materiality being addressed in the framework criteria, the following principles may be applied:

- (a) Judgements about matters that are material to intended users of the sustainability information are based on a consideration of the common information needs of intended users as a group.
- (b) Misstatements, including omissions, are considered material if they, individually or in the aggregate, could reasonably be expected to influence decisions of intended users taken on the basis of the sustainability information.

A297. Materiality is a matter of professional judgement and is affected by the practitioner's perception of the common information needs of intended users as a group. In this context, it is reasonable for the practitioner to assume that intended users:

- (a) Have a reasonable knowledge of the sustainability matters, and a willingness to study the sustainability information with reasonable diligence;
- (b) Understand that the sustainability information is prepared and assured to appropriate levels of materiality and have an understanding of any materiality concepts included in the applicable criteria;
- (c) Understand any inherent uncertainties involved in measuring or evaluating the sustainability matters; and
- (d) Make reasonable decisions on the basis of the sustainability information.

Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.

Example:

The entity operates globally in various industries, including health care and consumer goods. The entity engaged an external consulting firm to gather data on stakeholders' perspectives regarding the entity's sustainability strategy. The entity took an approach to first identify the most relevant stakeholder groups, which included "customers, suppliers, non-profit organisations, corporate/private sector, academics, consultants, government, media, finance, trade associations, and think tanks." The entity then obtained direct feedback on how its sustainability strategy affected people, wider communities and the environment. After gathering this data, the entity analysed it to determine what issues were important to those surveyed and reported on those areas.

A298. Materiality relates to the sustainability information within the scope of the assurance engagement. Therefore, when the engagement covers some, but not all, of the sustainability information, materiality is considered in relation to only the sustainability information that is within the scope of the assurance engagement.

A299. Not all disclosures involve the same materiality considerations. Ordinarily, materiality is considered or determined for different disclosures. For different disclosures, the same intended users may have different information needs, a different tolerance for misstatement, or the disclosures may be expressed using different units of measure. Considering qualitative factors may help the practitioner to identify disclosures that may be more significant to the intended users. For example, intended users may place more importance on information about food or drug safety than they do on information about the recycling of non-hazardous waste because the consequences of poor safety standards in food or drug production are likely to be more serious to human health than those for not recycling non-hazardous waste. They may, therefore, have a lower tolerance for misstatement of information about food or drug safety than about recycling of non-

hazardous waste.

Qualitative Factors (Ref: Para. 98(a))

A300. Examples of factors that may be relevant to the practitioner's consideration of materiality for qualitative disclosures include:

- The number of persons or entities affected by, and the severity of the effect of, the sustainability matter. For example, a hazardous waste spill may impact a small number of people, but the effect of that spill could lead to serious adverse consequences to the environment.
- The interaction between, and relative importance of, multiple topics and aspects of the topics.
- The form of the presentation of the sustainability information when the applicable criteria allow for variations in the presentation.
- The nature of a potential misstatement and when it would be considered material, for example, the nature of observed deviations from a control when the sustainability information is a statement that a process exists, or the control is effective.
- Whether a potential misstatement could affect compliance with law or regulation, including whether there is an incentive or pressure on management to achieve an expected target or outcome. For example, a practitioner may consider a potential misstatement to be material if it affected a threshold at which a carbon tax would be payable by the entity.
- Whether a potential misstatement would be significant based on the practitioner's understanding of known previous communications to the intended users on matters relevant to their information needs, for example, in relation to the expected outcome of goals or targets, the degree to which a potential misstatement would impact the entity achieving the goal or target.
- When the sustainability matter relates to a governmental programme or public sector entity, whether a particular aspect of the programme or entity is significant with regard to the nature, visibility and sensitivity of the programme or entity.
- If the applicable criteria include the concept of due diligence regarding impacts, the nature and extent of those impacts. For example, a practitioner may consider whether the entity's disclosures omitted or distorted the actions taken to prevent or mitigate negative impacts or ignored additional negative impacts, or the entity's actions to prevent or mitigate negative impacts were not effective.
- For narrative disclosures, whether the level of detail of the description or the overall tone of the words used to describe the matter, may give a misleading picture to users of the sustainability information.
- How the presentation of the information influences users' perception of the information. For example, when management presents the disclosures in the form of graphs, diagrams or images, materiality considerations may include whether using different scales for the x- and y-axes of a graph may be potentially misleading.

Considerations for Materiality for Quantitative Disclosures (Ref: Para. 98(b))

- A301. Quantitative factors relate to the magnitude of misstatements relative to the disclosures, if any, that are:
- (a) Expressed numerically; or
 - (b) Otherwise related to numerical values (e.g., the number of observed deviations from a control may be a relevant quantitative factor when the sustainability information is a statement that the control is effective).
- A302. Qualitative factors may also be relevant when determining materiality for quantitative disclosures. Example of qualitative factors are provided in paragraph A300.
- A303. For disclosures that are quantitative (e.g., a key performance indicator expressed in numerical terms), materiality may be determined by applying a percentage to the reported metric, or to a chosen benchmark related to the disclosure.

Examples of thresholds may include x% of investment in community projects (in hours or monetary terms), y% of energy consumed (in kWh), or z% of land rehabilitated (in hectares).

- A304. Factors that may affect the identification of an appropriate benchmark and percentage include:
- (a) The elements of the disclosure. For example, if there is an element that is likely to be the focus of intended users, it may be the appropriate benchmark.
 - (b) The relative volatility of the benchmark. For example, if the benchmark varies significantly from period to period, it may be appropriate to set materiality relative to the lower end of the fluctuation range even if the current period is higher.
 - (c) The requirements of the applicable criteria. If the applicable criteria specify a percentage threshold for materiality, this may provide a frame of reference to the practitioner in determining materiality for the disclosure.
- A305. The applicable criteria may require disclosures of historical cost financial information. For example, topics reported may include community investment, training expenditures, or taxes by jurisdiction. These may also be reported in the entity's financial statements. The practitioner, or another practitioner, may be engaged to audit those financial statements (see also paragraph A14). The materiality used for these aspects of the disclosures need not be the same as the materiality used in the audit of the entity's financial statements.

When the Entity Is Required to Apply Both Financial Materiality and Impact Materiality (Ref: Para. 99)

- A306. If double materiality, as described in paragraph A337 is required to be applied by the reporting framework or entity-developed criteria, paragraph 99 requires the practitioner to take into account both financial materiality and impact materiality perspectives when considering or determining materiality for purposes of planning and performing procedures and determining whether identified misstatements are material, so that:
- (a) For quantitative disclosures, ordinarily the lower level of materiality for financial or impact materiality would be used; and
 - (b) For qualitative disclosures, when applying the factors in paragraph A300 and other misstatement considerations in paragraphs A491–A493, ordinarily the greater level

of detail needed in the materiality for financial or impact materiality would be used.

Performance Materiality (Ref: Para. 100)

- A307. Performance materiality may be used during different stages of the assurance engagement. For example, performance materiality may be useful to help identify and assess risks of material misstatement at the disclosures level (in a limited assurance engagement), or to help identify and assess risks of material misstatement at the assertion level for disclosures (in a reasonable assurance engagement) and to determine the nature, timing and extent of further procedures.
- A308. For quantitative disclosures, planning the engagement solely to detect individually material misstatements overlooks aggregation risk, which is the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Aggregation risk arises because the sustainability information may be disaggregated, and the practitioner may be designing and performing assurance procedures separately on that disaggregated information. It may therefore be appropriate when planning the nature, timing and extent of procedures for the practitioner to:
- (a) Determine performance materiality for quantitative disclosures to reduce aggregation risk to an appropriately low level; and
 - (b) Consider what types of errors or omissions would potentially constitute a material misstatement when aggregated with other misstatements.
- A309. The determination of performance materiality is not a simple mechanical calculation and involves the exercise of professional judgement. It is affected by the practitioner's understanding of the entity that is updated during the performance of the risk assessment procedures. Factors the practitioner may take into account in setting performance materiality include the following:
- The extent of disaggregation of the disclosures. For example, in a group engagement, as the extent of disaggregation across components increases, a lower performance materiality ordinarily would be appropriate to address aggregation risk. The relative significance of the component to the reporting entity may affect the extent of disaggregation (e.g., if a single component represents a large portion of the reporting entity, there likely may be less disaggregation across components).
 - Expectations about the nature, frequency and magnitude of misstatements of the disaggregated disclosures, including those identified in previous engagements.
- A310. In some cases, risk assessment or further procedures may be performed by the practitioner on a quantitative disclosure as a single population (i.e., not disaggregated). In such cases, performance materiality used for purposes of performing these procedures is the same as materiality.
- A311. Performance materiality does not address misstatements that would be material solely due to qualitative factors that affect their significance. However, designing procedures to increase the likelihood of the identification of misstatements that are material solely because of qualitative factors, to the extent it is possible to do so, may also assist the practitioner in addressing aggregation risk.

Revision of Materiality as the Engagement Progresses (Ref: Para. 101)

- A312. Materiality may be revised as a result of a change in circumstances during the assurance engagement (for example, the disposal of a major part of the entity's business), new

information, or a change in the practitioner's understanding of the entity and its operations as a result of performing procedures. For example, it may become apparent during the engagement that the percentage of significant product categories for which customer health and safety impacts are assessed for improvement is likely to be substantially different from that expected during planning. If during the engagement the practitioner concludes that a different materiality is appropriate, it may also be necessary to revise performance materiality or the nature, timing and extent of further procedures.

Risk Assessment Procedures

Designing and Performing Risk Assessment Procedures (Ref: Para. 103L–105)

- A313. Risk assessment procedures are part of an iterative and dynamic process. Initial expectations may be developed about risks of material misstatement, which may be further refined as the practitioner progresses through the engagement, or if new information is obtained. Risk assessment procedures by themselves do not provide sufficient appropriate evidence on which to base the assurance conclusion.
- A314. The nature and extent of risk assessment procedures will vary based on whether it is a limited or reasonable assurance engagement, the nature and circumstances of the entity (e.g., the formality of the entity's policies or procedures, and processes and systems), the nature and complexity of the sustainability matters and the characteristics of the events or conditions that could give rise to material misstatements. The practitioner uses professional judgement to determine the nature and extent of the risk assessment procedures to be performed to meet the requirements of this ISSA (NZ) as appropriate to the level of assurance to be obtained. The depth of understanding that is required by the practitioner is less than that possessed by management in managing the entity and is less for a limited assurance engagement than for a reasonable assurance engagement.
- A315. The type of risk assessment procedures performed by the practitioner may include the following:
- (a) Enquiries of management, of appropriate individuals within the internal audit function (if the function exists), and of others within the entity who, in the practitioner's judgement, may have information that is likely to assist in identifying and assessing risks of material misstatement, whether due to fraud or error;
 - (b) Analytical procedures; and
 - (c) Observation and inspection.
- A316. Information obtained by the practitioner through enquiries may provide important evidence (e.g., to support the required understanding of the entity and its environment and the components of the entity's system of internal control); however, for a reasonable assurance engagement, enquiry alone ordinarily is not sufficient to identify and assess risks of material misstatement at the assertion level.
- A317. Designing and performing risk assessment procedures may involve obtaining evidence from multiple sources including:
- (a) Interactions with management, those charged with governance, and other key entity personnel, which may include personnel within the entity who work in functions relevant to the sustainability information (such as Human Resources) or internal auditors.
 - (b) Certain external parties such as regulators, whether obtained directly or indirectly.

- (c) Publicly available information about the entity and its industry, for example, entity-issued press releases, materials for analysts or investor group meetings, analysts' reports, or information about sustainability matters.

A318. The practitioner may perform further procedures concurrently with risk assessment procedures when it is efficient to do so.

Example:

- Evidence obtained that supports the identification and assessment of risks of material misstatement may also support the evaluation of the operating effectiveness of controls.

Considering Information from Engagement Acceptance and Continuance Procedures (Ref: Para. 104)

A319. Paragraph 75 requires the practitioner to obtain a preliminary knowledge of the engagement circumstances to provide an appropriate basis for establishing whether the preconditions for the engagement are present. This preliminary knowledge ordinarily is not sufficient to fulfil the requirements in paragraphs 103L and 103R, but may provide important evidence to support the required understanding. The practitioner may supplement the understanding of the applicable criteria obtained in accepting the engagement when performing risk assessment procedures with information from, for example:

- When applicable, other engagements performed by the engagement leader for the entity, such as the audit of financial statements or verification of specific matters (e.g., verification of water consumption for a significant operation within the entity).
- Previous experience with the entity, if such information remains relevant and reliable as evidence for the current engagement.

Engagement Team Discussion (Ref: Para. 105)

A320. Discussions between the engagement leader and other key members of the engagement team, and any key practitioner's external experts may:

- Provide an opportunity for more experienced engagement team members, including the engagement leader, to share their insights based on their knowledge of the entity. Sharing information contributes to an enhanced understanding by all engagement team members.
- Allow the engagement team members to exchange information about how and where the sustainability information might be susceptible to material misstatement due to fraud or error.
- Assist the engagement team in planning and performing the engagement.

A321. When the engagement is carried out by a single individual, such as a sole practitioner, consideration of the matters referred to in paragraph 105 nonetheless may assist the practitioner in identifying and assessing risks of material misstatement.

Understanding the Sustainability Matters and the Sustainability Information (Ref: Para. 106)

A322. The characteristics of events or conditions that could give rise to a material misstatement of the disclosures may include complexity, judgement, change, uncertainty, or

susceptibility to misstatement due to management bias or fraud, thus resulting in susceptibility of the disclosures to material misstatement, whether due to fraud or error.

A323. Material misstatements due to fraud or management bias in sustainability information may relate to matters such as the following:

- Misstating sustainability information (including omitting information) to avoid penalties or fines, potentially aggressive or overly optimistic internal or external goals, intentionally inaccurate or misleading product or corporate public statements or claims.
- Omitting sustainability matters when identifying the matters to be included in the sustainability information, that may be unfavourable or for which the information is difficult to obtain, even though those matters are material to intended users.
- Misstating sustainability information to enable the entity to be favourably considered in relation to future endeavours, or to be a factor in funding, supplier or customer arrangements or negotiations.
- Misstating sustainability information to reduce carbon tax liabilities or overstate carbon credits created.
- Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way in order to influence the outcome of the performance reward or compensation.
- Pressures linked to obtaining certain credentials or recognitions (e.g., a ‘green’ seal or rating), or to meet certain contractual conditions.
- Immature systems of internal control over sustainability reporting.

A324. The characteristics of events or conditions that could give rise to risks of material misstatement may be different for different disclosures. For example:

- The risks of material misstatement related to information about the entity’s waste generated in the entity’s own activities may be different from the risks of material misstatement related to information about the waste generated upstream or downstream in the entity’s value chain.
- The risks of material misstatement in historical quantitative information may be different from the risks of material misstatement in forward-looking qualitative information.

A325. The sustainability matters may be complex to measure or evaluate or be subject to uncertainties. For example, potential climate-related risks, the likelihood of their occurrence, and their expected short, medium, and long-term impacts on an entity and its supply chain may be both complex to measure and evaluate and subject to a high degree of uncertainty. As a result of the inherent uncertainties, the risk of material misstatement of disclosures may be higher, or it may be difficult to identify and assess the risks of material misstatement of the sustainability information.

Determining the Suitability of the Applicable Criteria (Ref: Para. 107)

A326. Determining the suitability of the applicable criteria during the engagement builds on the preliminary knowledge obtained and discussion with appropriate party(ies) in evaluating their suitability prior to acceptance or continuance of the engagement, and includes determining whether the criteria exhibit the characteristics of suitable criteria in paragraph

78 (see also paragraph A199). The practitioner's risk assessment procedures are different in nature and extent from the procedures that may be sufficient for acceptance or continuance of the engagement.

- A327. If the applicable criteria comprise framework criteria that are presumed to be suitable, as described in paragraph A197, it may be sufficient for the practitioner to determine that the entity has applied such criteria in preparing the sustainability information. In other circumstances, the practitioner may consider whether the evaluation of the criteria at the acceptance and continuance stage remains appropriate for the purposes of the practitioner's risk assessment procedures. If the practitioner's evaluation of the criteria is no longer appropriate, a more detailed determination of the suitability of the criteria is required in accordance with paragraph 107. This may be the case, for example, if entity-developed criteria are available only after the engagement is accepted, or if the entity applies criteria in preparing the sustainability information that differ from what the practitioner anticipated prior to acceptance or continuance of the engagement. This may be due to a range of factors, for example:
- The criteria initially identified are no longer suitable for the entity's circumstances.
 - Changes in comparable industry practice.
 - New or revised criteria being available.
 - The entity applies more precise criteria.
 - The entity identifies insufficient specificity in the framework criteria, necessitating entity-developed criteria to be developed.
- A328. Determining the suitability of the applicable criteria and evaluating the appropriateness of their application assists the practitioner in identifying the susceptibility of the disclosures to misstatement. For example, the practitioner may:
- Identify elements of the applicable criteria that may be more susceptible to incorrect interpretation and application by the entity in preparing the sustainability information.
 - Identify where the entity has the ability to exercise judgement in applying the applicable criteria, and therefore may give rise to risks of material misstatement due to inappropriate judgements in the circumstances of the entity.
 - Identify aspects of the applicable criteria that may be more susceptible to manipulation, for example, when the entity is permitted to prepare the information on a comply or explain basis, provided the entity has a reasonable basis for doing so.
 - Determine that the entity's process for identifying or developing and applying the applicable criteria is lacking, which may give rise to risks of material misstatement relating to the suitability or appropriate application of the applicable criteria in the entity's circumstances.
- A329. Framework criteria may not be considered suitable on their own (e.g., may be incomplete or subject to interpretation in application). Therefore, the entity may need to supplement the framework criteria so that the applicable criteria are suitable. The process of developing the applicable criteria and applying it to the sustainability matters may be complex, require judgement, and may be susceptible to bias. The determination required by paragraph 107 may result in the practitioner identifying disclosures where there is an

increased susceptibility to misstatement or cause the practitioner to re-evaluate the suitability of the applicable criteria.

A330. The determination of the suitability of the applicable criteria may include understanding:

- The uncertainties and complexities associated with identifying the framework criteria, and any entity-developed criteria used to supplement the framework.
- The criteria for the entity's process to identify sustainability information to be reported.
- The criteria for identifying the reporting boundary, and whether this differs for each disclosure.
- If applicable, how the entity develops its own criteria, including criteria used to supplement the framework criteria.
- The controls over the entity's process for identifying or developing and applying the applicable criteria.
- Whether there are any relief provisions. Such relief may be in relation to disclosure obligations over a certain period (e.g., an entity is only required to provide environmental information for the first three years of reporting), or in respect to data and information required to prepare the sustainability information (e.g., to address concerns about initial costs and resourcing constraints in obtaining required information regarding upstream and downstream value chain information).

A331. Understanding the process for identifying or developing and applying the applicable criteria, including the entity's process to identify sustainability information to be reported, may also help the practitioner determine the suitability of the applicable criteria, including whether the criteria:

- Address the purpose of the sustainability information.
- Are transparent.
- Involve engagement with intended users or their representatives in identifying their information needs for decision-making.
- Address how the criteria are applied in the entity's circumstances, including the selection and application of reporting policies consistent with the applicable criteria.
- Provide appropriate reasons for using the criteria.
- Consider if the criteria are appropriately specific regarding how the sustainability matters should be measured or evaluated.

Specific Considerations for Determining the Suitability of Criteria for Qualitative Information (Ref: Para. 78(c), 107)

A332. In some circumstances, the practitioner may determine that the criteria for qualitative information are unsuitable. For example, not all the characteristics for suitable criteria are exhibited because the criteria lack specificity or criteria for the qualitative information do not exist. In such circumstances, the practitioner may consider:

- Requesting that the entity develop suitable criteria.
- Requesting that the entity not report the information that would result from applying the unsuitable criteria, but if the entity decides to report that information, clearly identifying the information as other information that is not within the scope of the

assurance engagement, and performing procedures in accordance with paragraphs 171–177.

- Whether the information may be misleading, and the impact on acceptance and continuance of the engagement.
- The impact on the assurance conclusion.

Specific Considerations for Determining the Suitability of Criteria for Processes, Systems and Controls (Ref: Para. 78(c), 107)

A333. If sustainability information on processes, systems and controls is subject to the assurance engagement, the practitioner may consider whether the criteria encompass the following:

- (a) If the assurance conclusion covers the description of the entity’s process, systems or controls:
 - (i) The control objectives and controls designed to achieve those objectives;
 - (ii) The procedures and records, within both information technology and manual systems, by which the sustainability matters, and significant events and conditions, relevant to the sustainability information are recorded, processed, corrected as necessary, and transferred to the sustainability information reported.
- (b) If the assurance conclusion covers the suitability of the design of the processes, systems or controls:
 - (i) Identification of the risks that threaten achievement of the control objectives stated in the description of the processes, systems or controls; and
 - (ii) Whether the controls identified in that description would, if operated as described, provide reasonable assurance about the achievement of the control objectives.
- (c) If the assurance conclusion covers the operating effectiveness of the processes, systems or controls, whether the controls were consistently applied as designed throughout the specified period.

Specific Considerations for Determining the Suitability of Criteria for Performance (Ref: Para. 78(c), 107)

A334. In evaluating whether the criteria to evaluate the entity’s performance are suitable, the practitioner may consider whether the criteria encompass:

- (a) Measures or benchmarks used to set the targets, key performance indicators, commitments or other goals against which performance is to be measured; and
- (b) Methods of measurement or evaluation of the entity’s performance.

Specific Considerations for Determining the Suitability of Criteria for Forward-looking Sustainability Information (Ref: Para. 78(c), 107)

A335. In evaluating whether the criteria to be applied in preparing the entity’s forward-looking information are suitable, the practitioner may consider whether the criteria encompass:

- (a) The basis of the assumptions to be made and the nature, sources and extent of uncertainty inherent in those assumptions; and

- (b) The measurement or evaluation methods to be used for the forward-looking sustainability information to be prepared on the basis of the assumptions in (a).

Relevance of the Criteria (Ref: Para. 78(c)(i), 107)

A336. In evaluating whether the criteria are relevant, the practitioner may consider whether the criteria:

- (a) Result in sustainability information that assists decision-making by the intended users.
- (b) Were developed through a process, by the entity or an external party, that focused on identifying or evaluating whether the sustainability information assists decision-making by the intended users, including the general types of decisions that intended users are expected to make based on the purpose of the sustainability information.
- (c) Address the inherent level of measurement or evaluation uncertainty in applying the criteria in the circumstances of the engagement, including whether the sustainability information that is subject to high inherent measurement or evaluation uncertainty will be accompanied by disclosures that make the nature and extent of the uncertainty clear.
- (d) Specify the level of disaggregation or aggregation of the information or include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances.
- (e) Are consistent with those generally recognised to be appropriate in the context of the entity's industry or sector or there are justifiable reasons not to use such criteria (e.g., the entity develops more relevant criteria).
- (f) Permit omissions of sustainability disclosures only in circumstances when it is appropriate to do so. For example, the criteria may allow the entity to exclude certain disclosures if:
 - (i) The reporting processes have not yet fully matured, such that the information is incomplete or unavailable, and the criteria require the entity to disclose this fact and its reasons for omitting the disclosures.
 - (ii) That disclosure is not applicable to the entity's circumstances.
 - (iii) There are legal constraints preventing the disclosure.
 - (iv) In extremely rare circumstances, the sustainability information is confidential, or the adverse consequences of disclosure would reasonably be expected to outweigh the public interest benefits of doing so, such as information that might prejudice an investigation into an actual, or suspected, illegal act.
- (g) Are specific to the topics and aspects of the topics, that will result in information that assists decision-making by the intended users, such as whether the criteria for:
 - (i) Processes, systems or controls includes, for example, control objectives to evaluate the suitability of their design (see also paragraph A333);
 - (ii) Performance includes the targets, key performance indicators, commitments or goals against which performance is measured and methods of measurement or evaluation of that performance (see also paragraph A334);
 - (iii) Forward-looking information includes the basis for evaluating the reasonableness of the underlying assumptions and methods of preparation

based on those assumptions (see also paragraph A335); or

- (iv) Historical information includes methods of measurement or evaluation of the entity's activities.

Consideration of the relevance of the criteria when financial materiality or impact materiality apply (Ref: Para. 99, 107)

A337. Relevant criteria that assist the decision-making of intended users may relate to:

- (a) Either:
 - (i) The material impacts of environmental, social and governance matters on the entity's strategy, business model and performance, which may be referred to as "financial materiality;" or
 - (ii) The material impacts of the entity's activities, products and services on the environment, society, or economy, which may be referred to as "impact materiality;" or
- (b) Both financial materiality and impact materiality, which may be described by the applicable criteria as "double materiality."

Completeness of Criteria (Ref Para. 78(c)(ii), 107)

A338. In evaluating the completeness of the criteria, including entity-developed criteria to supplement any framework criteria used, the practitioner may consider whether they address:

- Topics or aspects of topics that could reasonably be expected to affect decisions of intended users, or cannot be as readily measured or evaluated as other topics or aspects of topics.
- The basis for significant judgements in preparing the sustainability information.
- The source of significant inherent uncertainties in applying the criteria.
- The reporting boundary.

Reliability of the Criteria (Ref: Para. 78(c)(iii), 107)

A339. In evaluating whether the criteria are reliable, the practitioner may consider:

- Whether the measurement or evaluation of the sustainability matters can be undertaken with the necessary degree of precision to be relevant in the engagement circumstances.
- Whether the criteria are based on definitions with little or no ambiguity.
- Whether applying the criteria allows for reasonably consistent measurement or evaluation of the sustainability matters when used in similar circumstances by different parties.
- The sources of the criteria and the process used to develop them.

Neutrality of the Criteria (Ref: Para. 78(c)(iv), 107)

A340. In evaluating whether the criteria are neutral, the practitioner may consider whether the criteria:

- Require a balanced disclosure of both favourable and unfavourable information and are not subject to management bias by excluding any topics or aspects of topics only on the basis that they may reflect poorly on the entity.
- Do not result in information that is misleading to the intended users in the interpretation of the sustainability information.
- Are consistent between reporting periods, unless there is a reasonable basis for the change.
- Address how the information is presented and disclosed, to reduce the opportunity for management bias.
- Are entity-developed (e.g., may be subject to management bias).

A341. When the criteria are not consistent with previous reporting periods, the practitioner may consider whether:

- The entity has a reasonable basis for the change, for example, the entity may be developing and improving its process to prepare the sustainability information and the entity-developed criteria may have been changed to reflect more appropriate or modern approaches, data or methods.
- The basis for the change is sufficiently disclosed and explained in the sustainability information.
- The criteria are different from those commonly used in the entity's industry or sector, as this may be an indicator of management bias.
- The change results in information that is always positive (e.g., management changes the criteria year on year so that the outcome looks more positive).

Understandability of the Criteria (Ref: Para. 78(c)(v), 107)

A342. In evaluating whether the criteria are understandable, the practitioner may consider whether the criteria:

- Are clear and unambiguous.
- Will enable the intended users to identify readily the main points being made and to infer appropriately whether they affect their decision-making.
- Will result in a presentation that does not obscure relevant information.
- Will result in clear presentation of the sustainability information in a way that effectively summarises and draws attention to key features of the information reported.
- Will result in the sustainability information being coherent, easy to follow, clear and logical.
- Will result in sustainability information that can be readily located, for example, the information may be difficult to locate if it is spread across different reports, webpages or included by reference.
- Will result in sustainability information that is appropriately balanced between conciseness to be understandable and relevance.
- Will result in logical and comparable time periods, whether those be:

- A point in time (e.g., for description or implementation of a process not covering the period).
- Periods that have ended (e.g., for historical information).
- Periods that end in the future (e.g., for strategy, targets or commitments).

Understanding the Entity's Reporting Policies (Ref: Para. 108–109)

A343. Reporting policies are the bases, conventions, rules and practices applied by an entity in preparing and presenting the sustainability information. The entity's reporting policies are not criteria by themselves, but assist the entity in complying with the applicable criteria. The criteria need to encompass sufficient principles as the basis for the entity to select and apply reporting policies that are consistent with the underlying concepts in, and meet the objectives of, the requirements of the criteria, as explained in paragraph A2. If the existing criteria do not provide sufficient principles for the entity to select and apply reporting policies, criteria from another framework may need to be identified or entity-developed criteria may need to be developed. Matters that the practitioner may consider when obtaining an understanding of the entity's selection and application of reporting policies, including any changes and the reasons for those changes, may include:

- Reporting policies used by similar entities, such as those in the same industry or jurisdiction.
- The methods the entity uses to recognise, measure, present and disclose significant sustainability information, or to address unusual or exceptional circumstances.
- The effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- Changes in the environment, such as changes in the applicable criteria, law and regulation or accepted interpretation of the criteria that may necessitate a change in the entity's reporting policies.
- Criteria and laws and regulations that are new to the entity and when and how the entity will adopt, or comply with, such requirements.

A344. Example of the entity selecting and applying reporting policies in accordance with the framework criteria:

- A mining company reports sustainability information in accordance with a sustainability framework that requires specific disclosures on risks and opportunities related to human rights and rights of Indigenous Peoples for the metals and mining industry.
- In complying with the criteria, the entity also selects and applies reporting policies, including the methods used to disclose engagement processes and due diligence practices with respect to human rights and indigenous rights in areas of conflict to mitigate related risks.

Understanding the Entity and Its Environment

Understanding the Entity's Operations, Legal and Organisational Structure, Ownership and Governance, and Business Model (Ref: Para. 110(a))

A345. The practitioner uses professional judgement to determine the characteristics of the entity and its environment that are relevant to the sustainability information and therefore are necessary to understand. The practitioner's primary consideration is whether the

understanding that has been obtained is sufficient to meet the objective of the risk assessment procedures. The practitioner's understanding may involve less effort when the scope of the assurance engagement is limited to certain sustainability information (e.g., discrete metrics). On the other hand, a broader understanding of the entity and its environment may be necessary if the scope of the assurance engagement addresses multiple topics or aspects of the topics. Similarly, the depth of understanding of the entity and its environment necessary for a limited assurance engagement may be less than the depth of understanding necessary in a reasonable assurance engagement.

- A346. The practitioner's understanding of the entity and its environment may include an understanding of the following:
- (a) The nature of the entity and its sustainability-related business risks, including:
 - (i) The nature of the operations included in the reporting boundary, including:
 - a. Whether the activities or operations within the reporting boundary are internal or external to the entity;
 - b. The contribution of each activity or operation to the sustainability information, including entities or operations within the value chain, if material to the sustainability information; and
 - c. The uncertainties associated with the quantities reported in the sustainability information.
 - (ii) Changes from the prior period in the nature of the entity, its business risks, or the reporting boundary, including whether there have been any mergers, acquisitions, disposals, or outsourcing of functions.
 - (iii) The frequency and nature of interruptions to operations.
 - (b) The maturity of the processes and controls over sustainability information and the extent to which they integrate the use of IT.

Understanding the Reporting Boundary (Ref: Para 110(b))

- A347. Understanding the reporting boundary may require the analysis of complex organisational structures (e.g., multiple operating units in different jurisdictions), contractual relationships and activities within the entity's value chain. The way operations are organised may also have implications for the reporting boundary. For example, a facility may be owned by one party, operated by another, and process materials solely for a third party, but the sustainability activities of all three entities may be within the reporting boundary. Understanding activities within the reporting boundary help the practitioner:
- Understand whether the disclosures are affected by complexity, judgement, change, uncertainty, or susceptibility to misstatement due to management bias or fraud.
 - Identify disclosures for which it may be necessary to use the work of others to obtain sufficient appropriate evidence.
 - Identify the members of the engagement team and other parties with whom the engagement leader discusses the susceptibility of disclosures to material misstatements whether due to fraud or error.
 - Consider or determine an appropriate materiality for the applicable disclosures.
 - Determine the nature, timing and extent of further procedures.
 - Identify disclosures where it may be difficult to obtain sufficient appropriate

evidence and, as a result, the implications for the assurance report.

Understanding the Entity’s Goals, Targets, or Strategic Objectives (Ref: Para. 110(c))

- A348. Understanding goals, targets, or strategic objectives related to sustainability matters and measures used to assess the entity’s performance may help the practitioner identify incentives and pressures that increase the susceptibility of the sustainability information to management bias or fraud.

Understanding the Legal and Regulatory Framework (Ref: Para. 111)

- A349. The effect on the sustainability information of laws and regulations will vary. Those laws and regulations to which an entity is subject constitute the legal and regulatory framework. The provisions of some laws or regulations may have a direct effect on the sustainability information, in that they may determine the criteria to be applied or specify disclosures required to be included in an entity’s sustainability information.
- A350. Other laws and regulations may not have a direct effect on the determination of the disclosures in the sustainability information, but compliance with them may be fundamental to the operating aspects of the business. Non-compliance with laws and regulations that have a fundamental effect on the operations of the entity may have consequences for the entity’s disclosures.
- A351. To obtain an understanding of the legal and regulatory framework, and how the entity complies with that framework, the practitioner may, for example:
- Use the practitioner’s existing understanding of the entity’s industry, regulatory and other external factors.
 - Update the understanding of those laws and regulations that establish criteria, frameworks, standards or guidance.
 - Enquire of management as to other laws or regulations that may be expected to have a fundamental effect on the operations of the entity.
 - Enquire of management concerning the entity’s policies or procedures regarding compliance with laws and regulations.

Enquiries and Discussion with Appropriate Parties (Ref: Para. 112)

- A352. Enquiries of appropriate parties and, when appropriate, others within the entity may offer the practitioner varying perspectives in performing risk assessment procedures.

Examples:

- Enquiries directed towards those charged with governance may help the practitioner understand the extent of oversight by those charged with governance over the preparation of the sustainability information.
- Enquiries of management may help the practitioner to evaluate the appropriateness of the selection and application of the applicable criteria.
- Enquiries directed towards in-house legal counsel may provide information about matters such as litigation, compliance with laws and regulations, knowledge of fraud or suspected fraud affecting the sustainability information.
- Enquiries directed towards the risk management function (or enquiries of those performing such roles) may provide information about operational and regulatory

risks that may affect the sustainability information.

- Enquiries directed towards IT personnel may provide information about system changes, system or control failures, or other IT-related risks.

A353. If an entity has an internal audit function, enquiries of the appropriate individuals within the function may assist the practitioner in understanding the entity and its environment and the entity's system of internal control, in identifying and assessing risks of material misstatement.

Understanding Components of the Entity's System of Internal Control (Ref: Para. 113L, 113R)

A354. Understanding components of the entity's system of internal control relevant to the sustainability matters and the preparation of the sustainability information assists the practitioner in identifying the types of misstatements that may occur and factors that affect risks of material misstatement in the disclosures.

A355. The level of formality of the entity's system of internal control, including the control environment, the entity's risk assessment process and process to monitor the system of internal control, may vary by size and complexity of the entity, and the nature and complexity of the sustainability matters and the applicable criteria.

A356. The nature and extent of the practitioner's understanding of the components of the entity's system of internal control may vary depending on the complexity of the assurance engagement and the nature and complexity of the sustainability matters. As the entity and sustainability matters become more complex, more extensive procedures may be necessary to obtain the understanding, for example, by performing a walkthrough to confirm enquiries of entity personnel. A walkthrough involves selecting events or conditions and tracing them through the applicable process in the information system.

A357L. In a limited assurance engagement, the practitioner uses professional judgement to determine the extent of understanding of the components of the system of internal control that is necessary to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level. It often will not be necessary to obtain a detailed understanding and the procedures to obtain the understanding may be less in extent, and of a different nature than those required in a reasonable assurance engagement. For example, the practitioner may obtain a sufficient understanding of the information system through enquiry in a limited assurance engagement but may need to perform a walkthrough in a reasonable assurance engagement.

A358. In some circumstances, the sustainability matters may be related to controls (i.e., the controls are the aspects of the topics). For example, the sustainability information may describe the design, implementation, or effectiveness of controls over occupational health and safety. Paragraph 106 requires the practitioner to understand the sustainability matters (in this case, controls over occupational health and safety). In these circumstances, paragraphs 113L and 113R require the practitioner to obtain an understanding of the entity's system of internal control related to the processes used to design, implement, or operate the controls over occupational health and safety and the processes to prepare information about those controls.

A359. The practitioner's understanding of the relevant components of the entity's system of internal control may raise doubts about the practitioner's ability to obtain sufficient appropriate evidence on which to base the assurance conclusion or may indicate a need to withdraw from the engagement, if withdrawal is possible under applicable law or regulation. For example:

- Concerns about the integrity of those preparing the sustainability information may be so serious as to cause the practitioner to conclude that the engagement cannot be conducted.
- Concerns about the competence of management and the condition and reliability of an entity's records may cause the practitioner to conclude that it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information.

The Control Environment (Ref: Para. 114L, 114R)

A360. The practitioner's understanding of the control environment, such as how the entity demonstrates behaviour consistent with the entity's commitment to integrity and ethical values, may assist the practitioner in identifying risks of material misstatement. For example, deficiencies in the control environment may result in risks of material misstatement in disclosures throughout the sustainability information.

A361R. The practitioner's evaluation of the control environment may assist the practitioner in identifying potential issues in the other components of the entity's system of internal control. This is because the control environment is foundational to the other components of the entity's system of internal control. This evaluation may also assist the practitioner in identifying and assessing the risks of material misstatement.

A362. The practitioner's understanding of the control environment may include understanding the controls, processes and structures that address:

- How management's oversight responsibilities are carried out, such as the entity's culture and management's commitment to integrity and ethical values.
- When those charged with governance are separate from management, the independence of, and oversight over, the entity's system of internal control by those charged with governance.
- The entity's assignment of authority and responsibility.
- How the entity attracts, develops, and retains competent individuals.
- How the entity holds individuals accountable for their responsibilities in the pursuit of the objectives of the entity's system of internal control.

Scalability

A363. Information about the control environment in less complex entities may not be available in documentary form, in particular when communication between management and other personnel is informal, but the information may still be appropriately relevant and reliable in the circumstances. For example, the practitioner may observe the entity's past and current practices, and engagement with stakeholders. Such observations may contribute to the practitioner's understanding of the components of the entity's system of internal control, even if policies have not been documented formally.

The Entity's Risk Assessment Process (Ref: Para. 115L, 115R)

A364. Understanding the results of the entity's risk assessment process may assist the practitioner in:

- (a) Identifying and assessing risks of material misstatement in the disclosures; and
- (b) Obtaining an understanding of the sustainability matters and other engagement circumstances.

- A365R. The practitioner's evaluation of whether the entity's risk assessment process is appropriate to the entity's circumstances allows the practitioner to understand where the entity has identified risks that may occur, and how the entity has responded to those risks. The practitioner's evaluation of how the entity identifies its risks, and how it assesses and addresses those risks, assists the practitioner in understanding whether the risks faced by the entity have been identified, assessed, and addressed as appropriate to the nature and complexity of the entity.
- A366. In some cases, 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. Therefore, understanding the results of the entity's risk assessment process may also assist the practitioner in identifying and assessing risks of material misstatement related to the appropriate application of the applicable criteria by the entity. For example, if the practitioner identifies potential deficiencies in the entity's risk assessment process, the practitioner may determine that there is a heightened risk that sustainability matters required to be reported in accordance with the applicable criteria may not have been identified by the entity and therefore, the presentation or description of such matters in the sustainability information may be incomplete.
- A367R. Not all risks identified by the entity give rise to risks of material misstatement. In understanding how management and those charged with governance have identified risks relevant to the preparation of the sustainability information, and decided about actions to address those risks, the practitioner may consider how management or, as appropriate, those charged with governance, have:
- (a) Specified the entity's objectives with sufficient precision and clarity to enable the identification and assessment of the risks relating to the objectives;
 - (b) Identified the risks to achieving the entity's objectives and analysed the risks as a basis for determining how the risks should be managed; and
 - (c) Considered the potential for fraud when considering the risks to achieving the entity's objectives.
- A368. If the practitioner identifies risks that the entity failed to identify, and those risks are of a kind that the practitioner expects would have been identified by the entity's risk assessment process, it may be an indicator that the entity's risk assessment process is not appropriate to the entity's circumstances.

The Entity's Process for Monitoring the System of Internal Control (Ref: Para. 116L, 116R)

- A369. Understanding the results of the entity's process for monitoring the system of internal control may assist the practitioner in:
- (a) Identifying and assessing risks of material misstatement in the disclosures;
 - (b) Obtaining an understanding of the sustainability matters and other engagement circumstances; and
 - (c) Determining whether to obtain evidence from testing controls.
- A370. Understanding the results of the entity's process for monitoring the system of internal control may provide information about deficiencies in controls; however, the absence of results of the entity's process for monitoring the system of internal control does not necessarily indicate that controls are operating effectively. The absence of results may be indicative of an ineffective process for monitoring the system of internal control.

A371R. Understanding the entity's process for monitoring the system of internal control relevant to the preparation of the sustainability information may involve understanding:

- (a) Those aspects of the entity's process that address:
 - (i) Ongoing and separate evaluations for monitoring the effectiveness of controls, and the identification and remediation of control deficiencies identified; and
 - (ii) The entity's internal audit function, if any, including its nature, responsibilities, and activities; and
- (b) The sources of information used in the entity's process to monitor the system of internal control, and the basis upon which management considers the information to be sufficiently reliable for the purpose.

A372R. The practitioner's evaluation of the entity's process for monitoring the system of internal control assists the practitioner in understanding the other components of the entity's system of internal control. This evaluation may also assist the practitioner with identifying and assessing risks of material misstatement at the assertion level for the disclosures.

A373R. Matters that may be relevant for the practitioner to consider when understanding how the entity monitors its system of internal control include:

- (a) The design of the monitoring activities, for example, whether it is periodic or ongoing monitoring;
- (b) The performance and frequency of the monitoring activities;
- (c) The evaluation of the results of the monitoring activities, on a timely basis, to determine whether the controls have been effective; and
- (d) How identified deficiencies have been addressed through appropriate remedial actions, including timely communication of such deficiencies to those responsible for taking remedial action.

A374R. The practitioner may also consider how the entity's process to monitor the system of internal control addresses monitoring of information processing controls that involve the use of IT. This may include, for example:

- (a) Controls to monitor complex IT environments that:
 - (i) Evaluate the continuing design effectiveness of information processing controls and modify them, as appropriate, for changes in conditions; or
 - (ii) Evaluate the operating effectiveness of information processing controls.
- (b) Controls that monitor the permissions applied in automated information processing controls that enforce the segregation of duties.
- (c) Controls that monitor how errors or control deficiencies related to the automation of sustainability reporting are identified and addressed.

Scalability

A375R. In less complex entities, and in particular owner-manager entities, the practitioner's understanding of the entity's process to monitor the system of internal control is often focused on how management or the owner-manager is directly involved in operations, as there may not be any other monitoring activities.

A376R. For entities where there is no formal process, understanding the process to monitor the system of internal control may include understanding periodic reviews of information that are designed to contribute to how the entity prevents or detects misstatements.

The Information System and Communication (Ref: Para. 117–118)

A377. The practitioner uses professional judgement to determine which aspects of the information system are relevant to the sustainability matters and the preparation of the sustainability information and may make enquiries of the appropriate party(ies) about those aspects and perform other procedures, as necessary.

A378. The understanding of the information system may include an understanding of the entity's information processing activities, its data and information, the resources to be used in such activities and the policies or procedures that define, for the sustainability information:

- (a) How data and information, including qualitative information, are captured, recorded, processed, reviewed, corrected, and presented, including whether, and if so, how, the entity centralises activities relevant to sustainability reporting. Such policies or procedures may include internal verification processes whereby the data and information are checked by a reviewer for accuracy and completeness, and signed off to evidence that the review has taken place;
- (b) Supporting records and other relevant information about the sustainability matters relating to the flow of information in the information system; and
- (c) The processes used to prepare the sustainability information, including the aggregation process used, including, if any, aggregation adjustments.

A379. The practitioner's understanding of the information system may be obtained in various ways and may include:

- (a) Enquiries of relevant personnel about the procedures used to initiate, record, process and report events and conditions related to the topics and aspects of the topics;
- (b) Inspection of policy or process manuals or other documentation of the information system;
- (c) Observation of the performance of the policies or procedures by the entity's personnel; or
- (d) Selecting events or conditions and tracing them through the applicable process in the information system (i.e., performing a walk-through).

A380. The entity's information system and communication are likely to involve the use of IT to collect or process data and information. Entities may use complex IT applications, simple spreadsheets or paper-based records, or a combination of these. The information system includes the IT environment, IT applications and other aspects of the IT environment that are relevant to the flows and processing of information in the information system. The entity's use of IT applications or other aspects of the IT environment may give rise to risks arising from the use of IT. For example, changes in the flow of information within the information system may result from programme changes to IT applications, or direct changes to data in databases involved in processing or storing that information.

Scalability

A381. The information system and how the entity communicates in smaller or less complex entities are likely to be less sophisticated and are likely to involve a less complex IT environment than in larger and more complex entities. Less complex entities with direct

management involvement may not need extensive descriptions of procedures, sophisticated records, or written policies. Understanding the relevant aspects of the entity's information system may therefore require less effort in an engagement for a less complex entity and may involve a greater amount of enquiry than observation or inspection of documentation. The need to obtain an understanding, however, remains important to provide a basis for the design of further procedures and may further assist the practitioner in identifying and assessing risks of material misstatement.

Understanding the entity's process to identify sustainability information to be reported (Ref: Para. 117(a))

A382. The practitioner may consider whether the entity's process to identify sustainability information to be reported includes:

- (a) Identification of, or engagement with, the intended users, or the stakeholders they represent, to determine their information needs;
- (b) The entity's selection or development of suitable criteria, which provides the basis for the identification of sustainability information to be reported prior to the consideration of materiality;
- (c) The appropriate application of the criteria to identify sustainability information to be reported, including the identification of topics, aspects of topics and reporting boundary; and
- (d) Filtering of the sustainability information to select material information to be reported.

A383. If the entity does not have a suitable process to identify sustainability information to be reported, then the topics or aspects of topics selected may be incomplete or include sustainability information that is not relevant or obscures material sustainability information. As the entity's process includes management judgement, there is risk of management bias when identifying the sustainability information to be reported. The greater the degree to which the reporting framework or law or regulation specifies in detail the sustainability information to be reported, the lower the risk of material misstatement may be as there is less opportunity for management bias.

A384. The extent of the practitioner's work effort in obtaining an understanding of the entity's process to identify sustainability information to be reported will depend on the nature and circumstances of the engagement. For some engagements, the reporting framework or law or regulation may specify sustainability information to be reported and the procedures may be limited to identifying those requirements and understanding whether the sustainability information required to be reported is included in the sustainability information. In other engagements, the framework or entity-developed criteria may not specify the sustainability information, or may only specify certain sustainability information to be reported and may set out the process the entity is required to follow to identify the sustainability information, or additional sustainability information to be reported. Alternatively, the entity may need to develop its own criteria for that process. In these circumstances, the entity's process is likely to be more complex and to impact the nature and extent of the practitioner's procedures.

Understanding how information from external sources is recorded, processed, corrected and incorporated (Ref: Para. 117(b))

A385. The understanding of how information from external sources is recorded, processed, corrected as necessary, and incorporated into the sustainability information may also include an understanding of:

- (a) The nature and significance of the data or information provided by external sources; and
- (b) How the entity addresses the reliability of information from external sources, for example by:
 - (i) Monitoring information provided to, and received back from, the external source;
 - (ii) Considering the reputation of the external source; and
 - (iii) Considering whether there are other sources of similar information, and whether the information from such different available sources is aligned.

Evaluating the information system to support the preparation of the sustainability information (Ref: Para. 118)

A386. The understanding of the information system may also include an understanding of how the entity communicates significant matters that support the preparation of the sustainability information and related reporting responsibilities in the information system and other components of the entity's system of internal control:

- (a) Between people within the entity, including how roles and responsibilities are communicated;
- (b) Between management and those charged with governance;
- (c) With intended users; and
- (d) With external parties, such as regulatory authorities.

Control Activities (Ref: Para. 119R, 120L)

A387. The practitioner's identification and evaluation of controls in the control activities component of the entity's system of internal control may focus on information processing controls, which are controls applied during the processing of information in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy, and validity of information). However, the practitioner is not required to identify and evaluate all information processing controls.

A388. An assurance engagement does not require an understanding of all the controls related to each disclosure or to every assertion relevant to them.

A389. Examples of other controls for which it may be appropriate for the practitioner to obtain an understanding include:

- Controls that address risks of material misstatement assessed as higher on the spectrum of risk based on their likelihood and magnitude.
- Controls that are related to the assembly of, or adjustments to, the sustainability information.
- If the entity uses a service organisation, controls at the entity that relate to the services provided by the service organisation.

- A390. Identifying IT applications and other aspects of the IT environment, related risks arising from the use of IT, and general IT controls in place to address those risks affects the practitioner's decisions on testing controls, assessing risks of material misstatement, testing information produced by IT applications, and designing further procedures.
- A391. In identifying IT applications subject to risks arising from IT, the practitioner may consider the entity's automated controls, information storage and processing, and reliance on general IT controls. The extent of understanding and the number of applications subject to risks arising from the use of IT vary based on the entity's complexity. When the practitioner has identified IT applications that are subject to risks arising from IT, other aspects of the IT environment (for example network, operating systems, databases, and interfaces between IT applications) are likely to be identified because such aspects support and interact with the identified IT applications.
- A392. Risks arising from IT may include unauthorised access, programme changes, and inappropriate data changes, and their extent depends on the nature and characteristics of the IT applications and environment.

Design and Implementation of Controls (Ref: Para. 120L, 120R)

- A393. Evaluating the design of an identified control involves the practitioner's consideration of whether the control, individually or in combination with other controls, is capable of effectively preventing, or detecting and correcting, material misstatements (i.e., the control objective).
- A394. The practitioner determines the implementation of an identified control by establishing that the control exists and that the entity is using it. There is little point in the practitioner assessing the implementation of a control that is not designed effectively. Therefore, the practitioner evaluates the design of a control first. An improperly designed control may represent a control deficiency.
- A395. The practitioner may conclude that a control, which is effectively designed and implemented, may be appropriate to test in order to take its operating effectiveness into account in determining the nature, timing and extent of further procedures. However, when a control is not designed or implemented effectively, there is no benefit in testing it.
- A396. When the practitioner plans to test the operating effectiveness of a control, the information obtained about the extent to which the control addresses the risk(s) of material misstatement is an input to the practitioner's risk assessment.
- A397. Evaluating the design and determining the implementation of controls is not sufficient to test their operating effectiveness. However, the practitioner may plan to test the operating effectiveness of automated controls by identifying and testing general IT controls that provide for the consistent operation of the automated controls instead of testing the operating effectiveness of the automated controls directly. General IT controls that are not able to be reconfigured or changed by management provide for the consistent operation of an automated control.
- A398. The practitioner may expect more formal documentation of the information system and controls when the information system and controls form part of the sustainability matters (e.g., when the sustainability information is about the entity's controls).
- A399L. In accordance with paragraph 120L, in a limited assurance engagement, the practitioner is not required to understand the control activities component by evaluating the design of

controls and determining whether they have been implemented, unless the practitioner plans to obtain evidence by testing the operating effectiveness of controls.

Identifying Control Deficiencies (Ref: Para. 121)

- A400. If deficiencies are identified related to the control environment, this may affect the practitioner's overall expectations about the operating effectiveness of controls, and therefore the practitioner's plans to test the operating effectiveness of controls.
- A401. When understanding the components of the entity's system of internal control, the practitioner may determine that certain of the entity's policies are not appropriate to the nature and circumstances of the entity. Such a determination may be an indicator that control deficiencies exist. The practitioner may consider the effect of those control deficiencies on the design of further procedures and whether to communicate the deficiencies to management or those charged with governance.
- A402. Circumstances that may indicate that control deficiencies exist include matters such as the identification of:
- Fraud of any magnitude that involves senior management;
 - Deficiencies in the control environment;
 - Risks of material misstatement that were not identified by the entity's risk assessment process;
 - The omission of sustainability matters from the sustainability information, that are required to be reported by the applicable criteria and that are material, when those sustainability matters were not identified by the entity's process to identify sustainability matters to be reported; and
 - The inclusion of immaterial sustainability matters that obscure sustainability matters to be reported within the sustainability information
- A403. If the practitioner's evaluation of the entity's control environment or other components of internal control raise doubts about the ability to obtain evidence on which to base the assurance conclusion, the practitioner may:
- Perform additional risk assessment procedures until evidence has been obtained to alleviate the practitioner's doubts;
 - Withdraw from the engagement when permitted by law or regulation; or
 - Consider the implications for the practitioner's report.

Identifying and Assessing the Risks of Material Misstatement (Ref: Para. 122L, 122R)

- A404. Identifying and assessing the risks of material misstatement involves professional judgement based on the practitioner's understanding of the sustainability matters and the sustainability information and the entity and its environment.
- A405. Identifying and assessing the risks of material misstatement also involves the practitioner considering the potential for a misstatement occurring (i.e., its likelihood) and being material if it were to occur (i.e., whether the potential misstatement is of a magnitude or severity that could reasonably be expected to influence the decisions of users).
- A406L. The identification and assessment of the risks of material misstatement at the disclosure level in a limited assurance engagement is less extensive than for a reasonable assurance engagement. This is the case because:

- The breadth and depth of the practitioner’s understanding that forms the basis for risk identification and assessment is different because the risk assessment procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement;
 - The practitioner is not required to identify and assess risks of material misstatement at the assertion level in a limited assurance engagement; and
 - The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance obtained in a reasonable assurance engagement.
- A407. The combination of the likelihood and magnitude of a potential misstatement determines where on the spectrum of risk the identified risk is assessed. Making this assessment informs the practitioner’s design of further procedures to address the risk. The higher the combination of likelihood and magnitude, the higher the assessment of risk; the lower the combination of likelihood and magnitude, the lower the assessment of risk.
- A408. The manner in which the practitioner groups the disclosures for purposes of planning and performing the engagement (see paragraphs A285–A287) affects how the practitioner identifies and assesses the risks of material misstatement.
- A409L. For a limited assurance engagement, 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, as explained in paragraph A406L. In addition, the practitioner’s conclusion in a limited assurance engagement is expressed in terms of whether anything has come to the practitioner’s attention that causes the practitioner to believe that the sustainability information is not fairly stated (or properly prepared), in all material respects, in accordance with the applicable criteria. Therefore, for a limited assurance engagement, 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, paragraph 148L requires the practitioner to perform additional procedures.
- A410. In considering the magnitude of a possible misstatement, the practitioner may consider the qualitative and quantitative aspects of the possible misstatement (i.e., misstatements in a disclosure may be judged to be material due to size, nature or circumstances). The qualitative and quantitative factors in paragraphs A300 and A301, respectively, may be helpful in this regard.
- A411. The practitioner’s consideration of the magnitude of a potential misstatement in a qualitative disclosure may depend on the importance of that disclosure to the intended users. For example, intended users may place more importance on the entity’s efforts to reduce carbon emissions than its efforts to enhance community engagement. Therefore, intended users may have a lower tolerance for a misstatement of disclosures about efforts to reduce carbon emissions than disclosures about efforts to enhance community engagement.

Example:

The practitioner may identify and assess a risk of misstatement in an entity’s disclosure that its efforts to reduce carbon emissions includes enhancing its carbon capture and storage capacities and describe its plans to acquire the technology to do so. This may be based on the practitioner’s understanding of:

- The pressures that the entity faces to reduce carbon emissions to meet regulatory

targets; and

- The fact that acquiring the technology to capture and store carbon likely would be cost prohibitive to the entity.

Whether the practitioner considers the misstatement material, if it were to occur, depends on the importance that intended users place on the disclosure, and the magnitude of misstatement that would influence the decisions of intended users, which may be influenced by factors including:

- Current or past trends in carbon emissions for the entity and the industry;
- Whether the plan to reduce carbon emissions is important to meeting legal or regulatory emissions targets;
- Whether the plan to enhance carbon capture and storage capacities is the primary approach, or part of a multi-pronged approach, to reducing carbon emissions; and
- Whether customers, employees, or investors in the industry place importance on carbon emissions.

A412. The sustainability reporting framework may require disclosure of a large number of individual metrics for different sustainability matters. In these circumstances:

- The practitioner may treat a group of metrics as a disclosure for purposes of identifying and assessing the risks of material misstatement (i.e., the practitioner need not identify and assess the risk of material misstatement for each individual metric.) This may be the case, for example, if intended users are more likely to focus on the group of metrics rather than individual metrics.
- Depending on the facts and circumstances, the practitioner may determine that the risks of material misstatement for certain metrics or groups of metrics are acceptable in the circumstances (i.e., are at an acceptable level for the engagement (for limited assurance) or an acceptably low level (for reasonable assurance)). In these circumstances, the practitioner need not design and perform further procedures. Irrespective of the assessed risks of material misstatement in a reasonable assurance engagement, paragraph 140R requires the practitioner to consider the need to design and perform substantive procedures for disclosures that, in the practitioner's judgement, are material.

A413. The assurance engagement (and the practitioner's assurance conclusion) may relate only to certain metrics. In these circumstances, it is more likely that the individual metrics may be of significance to intended users. Therefore, the practitioner would ordinarily identify and assess the risks of material misstatement for each individual metric.

A414. Risks of material misstatement may relate to one or more entities within the reporting boundary. In these circumstances, the practitioner may consider using the work of a component practitioner to identify and assess the risks of material misstatement. However, the practitioner remains responsible for the identification and assessment of risks of material misstatement of the group sustainability information and for the design and performance of further procedures to respond to the assessed risks.

Assertions

A415R. In identifying and assessing the risks of material misstatement, the practitioner uses assertions to consider the different types of potential misstatements that may occur. The practitioner may use the assertions described below or may express them differently

provided all aspects described below have been covered. Assertions may include:

- Occurrence and existence – the disclosures are related to events or conditions that have occurred or exist.
- Responsibility – the disclosures pertain to the entity.
- Completeness – all events or conditions, pertaining to the entity and the reporting boundary, that should have been included in the sustainability information have been included.
- Accuracy and valuation – the disclosures, including estimates, have been appropriately measured, evaluated or described in accordance with the applicable criteria.
- Cutoff – the disclosures have been recorded in the reporting period to which they relate.
- Presentation, classification and understandability – the disclosures are appropriately aggregated or disaggregated, structured appropriately, and presented and described in accordance with the applicable criteria, and are clearly expressed.
- Consistency – the criteria and application of the criteria are consistent with those applied in the prior period, or changes are justified and have been properly applied and adequately disclosed; and comparative information, if any, is as reported in the prior period or has been appropriately restated.

A416L. Although the practitioner is not required to identify and assess risks of material misstatement at the assertion level in a limited assurance engagement, the practitioner may choose to use assertions if they are useful in considering the types of potential misstatements that could occur or designing and performing procedures in response to them.

A417. Misstatements may arise as a result of human error, process flaws, management bias or fraud.

Examples of different types of possible misstatements include:

- False claims in information (occurrence and existence, or responsibility assertion) – for example, if an entity claimed responsibility for community investment or environmental clean-up that did not actually occur or was done by another party.
- Recording information in the incorrect period (cut-off assertion) – for example, recording an entity’s water used in the period preceding or following the period in which the water was actually used.
- Inaccuracies in information (accuracy and valuation assertion) – for example, arising from inaccurately calibrated measuring devices, transposition or other errors in the recording of measurements, or use of inappropriate conversion factors, such as use of a carbon dioxide conversion factor for nuclear energy when the entity has coal and oil-fired facilities.
- Omission of information (completeness assertion) – for example, a company reports on its land rehabilitation programme for three of its mining sites but remains silent about two sites where significant degradation has occurred and where there are no plans to rehabilitate the land.
- Incorrectly classified information (presentation, classification and

understandability assertion) – for example, the entity classifies seasonal contractors (mainly female) as permanent full-time employees, which results in erroneous reporting about gender representation on its permanent work force.

- Misleading or unclear representation of information (presentation, classification and understandability assertion) – for example, the preparer gives undue prominence to favourable information by using large, bold or brightly-coloured text and images, or other ways to emphasise the presentation, but presents unfavourable information less conspicuously, for example, by using small or light-coloured font, and less extensive text.
- Bias in information that focuses on positive aspects of performance and omits negative aspects (presentation, classification and understandability assertion).

Management Override of Controls (Risk Assessment) (Ref: Para. 123R)

A418R. Management is in a unique position to perpetrate fraud because of management’s ability to manipulate the data and records and prepare fraudulent sustainability information by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a risk of material misstatement at the upper end of the spectrum of risk.

Evaluating the Evidence Obtained from the Risk Assessment Procedures (Ref: Para. 124)

A419. The practitioner’s evaluation of the components of the entity’s system of internal control and understanding of controls, along with any control deficiencies identified, may:

- (a) Influence the identification and assessment of risks of material misstatement for the disclosures; and
- (b) Indicate risks of material misstatement that may affect many disclosures, and thus may require overall responses in accordance with paragraphs 128L and 128R.

Responding to Risks of Material Misstatement

Designing and Performing Further Procedures (Ref: Para. 126L–127)

A420. The practitioner’s further procedures may include a combination of procedures such as inspection; observation; confirmation; recalculation; reperformance; analytical procedures; and enquiry. Determining the further procedures to be performed on a particular engagement is a matter of professional judgement. Because sustainability information may cover a wide range of circumstances, the nature, timing and extent of such procedures are likely to vary considerably from engagement to engagement.

A421. Substantive procedures may include:

- Tests of detail, for example:
 - Agreeing emissions factors to appropriate sources (for example, government publications), and considering their applicability in the circumstances.
 - Reviewing joint venture agreements and other contracts relevant to the entity’s reporting boundary.

- Reconciling recorded data to, for example, odometers on vehicles owned by the entity.
- Reperforming calculations and reconciling differences noted.
- Sampling and independently analysing the characteristics of materials such as coal, or observing the entity's sampling techniques and reviewing records of laboratory test results.
- Checking the accuracy of calculations and the suitability of calculation methods used.
- Agreeing recorded data back to source documents, such as production records, fuel usage records, and invoices for purchased energy.
- Analytical procedures when there is a relationship between the sustainability information and other relevant information such that the practitioner may be able to develop an expectation and compare that expectation with the outcome of the measurement or evaluation of the sustainability matters.

A422. The planned nature, timing and extent of further procedures is a matter of professional judgement and is influenced by the circumstances of the assurance engagement, including the information needs of intended users as a group, the criteria, and the sustainability matters within the scope of the engagement.

A423. The nature, timing and extent of the further procedures will be informed by:

- The practitioner's approach to planning and performing procedures, including understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting (see paragraph A284);
- The assessed risks of material misstatement, including the reasons for the assessment given to the risks of material misstatement;
- Whether using the work of others (e.g., practitioner's experts, component practitioners or another practitioner(s)) is necessary to obtain evidence from or pertaining to group components or value chain components; and
- The persuasiveness of evidence to be obtained.

A424. Because the level of assurance obtained in a limited assurance engagement is substantially lower than in a reasonable assurance engagement, the further procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The differences between the practitioner's further procedures for a reasonable assurance engagement and a limited assurance engagement on sustainability information may include:

- (a) The emphasis placed on the nature of procedures as a source of evidence will likely differ, depending on the engagement circumstances. For example, the practitioner may judge it to be appropriate in the circumstances of a particular limited assurance engagement to place relatively greater emphasis on enquiries of the entity's personnel and analytical procedures, and relatively less emphasis, if any, on tests of controls and obtaining evidence from external sources than may be the case for a reasonable assurance engagement.
- (b) In a limited assurance engagement, the extent of procedures performed compared to those in a reasonable assurance engagement may involve:

- (i) Selecting fewer items to test;
 - (ii) Performing fewer procedures (for example, performing only analytical procedures in circumstances when, in a reasonable assurance engagement, both analytical procedures and tests of detail would be performed); or
 - (iii) Performing procedures on location at fewer facilities.
- (c) In a reasonable assurance engagement, analytical procedures performed in response to assessed risks of material misstatement involve developing expectations of quantities or ratios that are sufficiently precise to identify material misstatements. In a limited assurance engagement, analytical procedures may be designed to support expectations regarding the direction of trends, relationships and ratios rather than to identify misstatements with the level of precision expected in a reasonable assurance engagement.

In addition, when undertaking analytical procedures in a limited assurance engagement the practitioner may, for example:

- (i) Use data that is more highly aggregated, for example, data at a regional level rather than at a facility level, or monthly data rather than weekly data.
- (ii) Use data that has not been subjected to separate procedures to test its reliability to the same extent as it would be for a reasonable assurance engagement.

A425. Examples of reasons for the assessment given to a risk of material misstatement:

- The inherent complexity of the sustainability matter or judgement in its measurement or evaluation. For example, a material misstatement may be more likely to arise in a disclosure where mass balance calculations are involved than when water consumption is read directly from a meter.
- The complexity of the organisation, its ownership and control arrangements, or its geographical spread.
- Systems and processes that are less automated or still developing, such that there may be a greater likelihood of human error, processing flaws or opportunity for unauthorised intervention.
- Incentives to misstate, for example, if a particular target performance has to be met to retain a license to operate or to avoid fines, or to meet stakeholders' expectations.
- Inherent limitations in the capabilities of measuring devices (e.g., water meters) or insufficient frequency of their calibration.
- Errors or inappropriate judgements made in measuring, evaluating or disclosing the sustainability information, including in the assumptions used in making estimates, the use of inaccurate or incomplete base data on which estimates are based, or in circumstances when complex calculations are involved (e.g., when a mass balance approach is used to calculate water abstracted).
- The risk that unidentified aspects of the sustainability matter may be missed, for example because of events or transactions outside of the normal course of business, because the preparer relies on a third party for information (e.g., external meter readers or engineering firms to calculate water abstracted), or because of undetected water or wastewater leaks or similar.

- How weaknesses in the design of controls or the ineffective operation of controls might give rise to errors, processing flaws or opportunity for unauthorised intervention.

A426. More persuasive evidence may be needed to provide the basis for a conclusion on the sustainability information due to engagement circumstances. For example, the practitioner may have identified and assessed a higher risk of material misstatement. In such circumstances, it may be appropriate to increase the quantity of the evidence (e.g., by obtaining corroborating evidence from a number of independent sources).

A427. More persuasive evidence may be needed if the practitioner, through the understanding of the entity and its environment and its system of internal control, has identified matters such as:

- A higher assessed risk of material misstatement.
- An increased focus of intended users on a topic or aspect of a topic.
- The lack of a relationship between the sustainability information and other relevant information that precludes the performance of analytical procedures.
- A control environment in which the entity does not demonstrate behaviour consistent with a commitment to integrity and ethical values.
- Risks of material misstatement that have not been identified by the entity's risk assessment process.
- Information systems that are not appropriate to the circumstances of the entity.
- A lack of maturity in the sustainability matters or the information system used to prepare the sustainability information.
- Errors in the disclosure in the past.
- A new area, topic or aspect of a topic.

Overall Responses (Ref: Para. 128L, 128R)

A428. Paragraphs 126L and 126R require the practitioner to design and perform further procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement, whether due to fraud or error, at the disclosure level (limited assurance) or at the assertion level for the disclosures (reasonable assurance). However, the practitioner may identify circumstances that indicate that overall responses may be needed in accordance with paragraph 128L or 128R, such as the following:

- Deficiencies in the control environment may undermine the effectiveness of other controls, in particular in relation to fraud. In such cases, material misstatements may occur in any assertion or in multiple assertions.
- There may be incentives for intentional misstatement of the sustainability information, for example, those who are directly involved with, or have the opportunity to influence, the reporting process may have a significant portion of their compensation contingent upon achieving aggressive targets or complying with laws and regulations that have a direct effect on the sustainability information.
- The practitioner may identify an increased risk of material misstatement pervasively throughout the sustainability information (that is, not related to one disclosure or assertion, or a few disclosures or assertions).

A429. Designing and performing overall responses may include:

- Assigning and supervising personnel, considering the knowledge, skill and ability of the individuals to be given significant engagement responsibilities, and the practitioner's risk assessment procedures.
- Conducting more procedures as of the period end rather than at an interim date.
- Obtaining more extensive evidence from procedures other than tests of controls.
- Increasing sample sizes and the extent of procedures, such as the number of facilities at which procedures are performed.
- Incorporating an element of unpredictability in the selection of the nature, timing and extent of procedures.

Responding to Identified or Suspected Fraud or Non-Compliance with Laws and Regulations (Ref: Para. 129–131)

A430. The risk of not detecting a material misstatement due to fraud or non-compliance with laws and regulations is higher than the risk of not detecting one resulting from error. Furthermore, the risk of not detecting fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations is higher in a limited assurance engagement than in a reasonable assurance engagement. The appropriate response to fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations is dependent on the circumstances.

A431. Responding appropriately to identified or suspected fraud or non-compliance with laws and regulations, identified during the engagement, may include taking action, such as:

- Discussing the matter with the entity.
- Requesting the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Inspecting correspondence, if any, with the relevant licensing or regulatory authorities.
- Considering the implications of the matter in relation to other aspects of the engagement, including the practitioner's risk assessment and the reliability of written representations from the entity.
- Obtaining legal advice about the consequences of different courses of action.
- Withholding the assurance report.
- Withdrawing from the engagement.

A432. In determining the appropriate level of management or those charged with governance, with whom to communicate instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations, the practitioner may consider whether management may have been involved in the fraud or suspected fraud or identified or suspected non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity. If those charged with governance are not involved with managing the entity, the practitioner may communicate to them instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations involving management, employees who have significant roles in internal control, or where the fraud or non-compliance with laws and regulations results in a material misstatement in the sustainability information, unless that communication is

prohibited by law or regulation.

- A433. In certain circumstances, the practitioner's response to identified or suspected fraud, or instances of non-compliance or suspected non-compliance with laws and regulations may require reporting the identified or suspected fraud or non-compliance with laws and regulations to an appropriate authority outside the entity. See paragraph 67.
- A434. Relevant ethical requirements may include requirements addressing the practitioner's communication of instances of identified or suspected non-compliance with laws and regulations with the financial statement auditor.
- A435. Examples of circumstances that may cause the practitioner to evaluate the implications of identified or suspected non-compliance on the reliability of written representations received from management and, where applicable, those charged with governance include when:
- The practitioner suspects or has evidence of the involvement or intended involvement of management and, where applicable, those charged with governance in any identified or suspected non-compliance.
 - The practitioner is aware that management and, where applicable, those charged with governance have knowledge of such non-compliance and, contrary to legal or regulatory requirements, have not reported, or authorised reporting of, the matter to an appropriate authority within a reasonable period.

Tests of Controls (Ref: Para. 132, 135)

- A436. When more persuasive evidence is needed regarding the effectiveness of a control, it may be appropriate to increase the extent of testing of the control. Other matters the practitioner may consider in determining the extent of tests of controls include the following:
- The frequency of the performance of the control by the entity during the period.
 - The length of time during the period that the practitioner is relying on evidence about the operating effectiveness of the control.
 - The expected rate of deviation from a control.
 - The relevance and reliability of the information to be used as evidence regarding the operating effectiveness of the control at the assertion level.
 - The extent to which evidence is obtained from tests of other controls related to the assertion in a reasonable assurance engagement.
- A437. Because of the inherent consistency of IT processing, evidence about the implementation of an automated application control, when considered in combination with evidence about the operating effectiveness of the entity's IT general controls (in particular, change controls), may also provide substantial evidence about its operating effectiveness.
- A438. In certain circumstances, evidence obtained from previous engagements may provide evidence for the current engagement when the practitioner performs procedures to establish its continuing relevance. For example, in performing a previous engagement, the practitioner may have determined that an automated control was functioning as intended. The practitioner may obtain evidence to determine whether changes to the automated control have been made that affect its continued effective functioning through, for example, enquiries of management and the inspection of logs to indicate what controls have been changed. Consideration of evidence about these changes may support either increasing or decreasing the expected evidence to be obtained in the current period about

the operating effectiveness of the controls.

- A439. In most cases, evidence from a previous engagement's substantive procedures provides little or no evidence for the current period. However, it may be appropriate to use evidence from a previous engagement's substantive procedures if that evidence and the related subject matter have not fundamentally changed, and procedures have been performed during the current period to establish its continuing relevance.

Substantive Procedures (Ref: Para. 140R)

A440R. The practitioner's understanding of the entity's process to identify sustainability information to be reported may indicate that certain disclosures include information that is likely to be of particular importance to intended users (see also paragraphs A285–A287 regarding the grouping of disclosures for purposes of planning and performing the engagement). However, the practitioner may determine that the risks of material misstatement for those disclosures are at an acceptably low level. In these circumstances, due to the importance of that information to intended users, paragraph 140R requires the practitioner to consider the need to design and perform substantive procedures on those disclosures. The need to perform substantive procedures, and the extent of such procedures, is a matter of professional judgement in the circumstances. In addition, the practitioner is not expected to design and perform substantive procedures for all disclosures. Rather, the substantive procedures may focus on the disclosures, or the information within those disclosures, that is expected to be of particular importance to intended users.

A441R. The consideration of the need to design and perform substantive procedures for these disclosures reflects that:

- The practitioner's assessment of the risks of material misstatement is judgemental.
- There are inherent limitations in internal control, including the possibility of management override. Therefore, for example, the practitioner may determine that testing the operating effectiveness of controls may need to be supplemented with limited tests of details.

External Confirmation Procedures (Ref: Para. 141R)

A442. The practitioner may consider performing confirmation procedures to request information regarding assertions, disclosures, topics, or aspects of topics.

A443. External confirmation procedures may provide relevant evidence about such information as:

- Activity data collected by a third party.
- Industry benchmark data used in calculations.
- The terms of agreements, contracts, or transactions between the entity and other parties.
- The results of laboratory analysis of samples.

Extending the Conclusions of Substantive Procedures Performed at an Interim Date (Ref: Para. 142)

A444. In some circumstances, the practitioner may determine that it is effective to perform substantive procedures at an interim date, and to compare and reconcile information at the period end with the comparable information at the interim date to:

- (a) Identify amounts that appear unusual;
- (b) Investigate any such amounts; and
- (c) Perform analytical procedures or tests of details to test the intervening period.

A445. Performing substantive procedures at an interim date without undertaking additional procedures at a later date increases the risk that the practitioner will not detect misstatements that may exist at the period end. This risk increases as the remaining period is lengthened. The practitioner may consider factors such as the following in deciding whether to perform substantive procedures at an interim date:

- The control environment and other relevant controls.
- The availability at a later date of information necessary for the practitioner's procedures.
- The purpose of the substantive procedure.
- The assessed risk of material misstatement.
- The nature of the disclosures and related assertions.
- The ability of the practitioner to perform appropriate substantive procedures or substantive procedures combined with tests of controls to cover the remaining period in order to reduce the risk that misstatements that may exist at the period end will not be detected.

Analytical Procedures (Ref: Para. 143L–143R)

A446. Analytical procedures may be performed when there is a reasonably predictable relationship between the sustainability information and financial or operational information (for example, the relationship between Scope 2 emissions from electricity and hours of operation or the general ledger balance for electricity purchases). Other analytical procedures may involve comparisons of information about the entity's sustainability information with external data such as industry averages; or the analysis of trends during the period to identify anomalies for further investigation, and trends across periods for consistency with other circumstances such as the acquisition or disposal of facilities.

A447. Analytical procedures may be particularly effective when disaggregated data is readily available, or when the practitioner has reason to consider the data to be used is reliable, such as when it is extracted from a well-controlled source. In some cases, data to be used may be captured by the financial reporting information system or may be entered in another information system in parallel with the entry of related financial data, and some common input controls applied. For example, the quantity of fuel purchased as recorded on suppliers' invoices may be input under the same conditions that relevant invoices are entered into an accounts payable system. In some cases, data to be used may be an integral input to operational decisions and therefore subject to increased scrutiny by operational personnel, or subject to separate external procedures (for example, as part of a joint venture agreement or oversight by a regulator).

A448L. In a limited assurance engagement, analytical procedures may be designed to support expectations about the direction of trends, relationships and ratios rather than with the level of precision required in a reasonable assurance engagement to identify possible material misstatements.

Sampling (Ref: Para. 145)

- A449. Sampling is not the same as selecting items as part of risk identification or assessment procedures or to evaluate the reliability of information. Sampling involves the following:
- (a) Determining a sample size sufficient to reduce sampling risk to an appropriately low level. Sampling risk is the risk that the practitioner's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same procedure. Because the acceptable level of assurance engagement risk is lower for a reasonable assurance engagement than for a limited assurance engagement, so too may be the level of sampling risk that is acceptable in the case of tests of details. Therefore, when sampling is used for tests of details in a reasonable assurance engagement, the sample size may be larger than when used in similar circumstances in a limited assurance engagement.
 - (b) Selecting items for the sample in such a way that each sampling unit in the population has a chance of selection, and performing procedures, appropriate to the purpose, on each item selected. If the practitioner is unable to apply the designed procedures, or suitable alternative procedures, to a selected item, that item is treated as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details.
 - (c) Investigating the nature and cause of deviations or misstatements identified and evaluating their possible effect on the purpose of the procedure and on other areas of the engagement.
 - (d) Evaluating:
 - (i) The results of the sample, including, for tests of details, projecting misstatements found in the sample to the population; and
 - (ii) Whether the use of sampling has provided an appropriate basis for conclusions about the population that has been tested.

Estimates and Forward-Looking Information (Ref: Para. 146L, 146R)

- A450. Estimation uncertainty may arise due to incomplete knowledge about the measurement of an area, activity or event, or the measurement or evaluation of an estimate may depend on the forecast of an outcome of one or more events or conditions.
- A451. Forward-looking information may include forecasts, projections, or future plans of the entity. Forward-looking information may be prepared using scenarios based on best-estimate assumptions or hypothetical assumptions, which are affected by management's judgement. A future event, occurrence or action relating to the sustainability matters may be subject to greater uncertainty, and therefore ordinarily able to be evaluated with less precision than historical events, occurrences or actions. Disclosures become more speculative as the length of the period covered increases and the uncertainty may increase the further into the future the period to which the forward-looking information relates.
- A452. The applicable criteria may require disclosure of the entity's intended future strategy, targets, or other intentions. For such forward-looking information, the practitioner is not required to obtain evidence about whether the strategy, target or intention will be achieved, or to come to a conclusion to that effect.
- A453R. When designing the procedures required by paragraph 146R(a), the practitioner's procedures may include:

- (a) Based on the practitioner's knowledge and experience, considering if there are reasons to believe that the forward-looking information is clearly unrealistic.
- (b) Inspecting minutes of meetings or reports on the business's operations to evaluate whether:
 - (i) Management or those charged with governance have an intention and ability to follow the strategy;
 - (ii) The target or intention exists; or
 - (iii) There is a reasonable basis for the intended strategy or target.

A454. Regardless of the source or degree of uncertainty, complexity or subjectivity, or the extent of management's judgement, it is necessary for management to appropriately apply the applicable criteria when developing estimates and forward-looking information and the related disclosures, including selecting and using appropriate methods, assumptions and data.

A455L. In some limited assurance engagements, it may be appropriate for the practitioner to undertake one or more of the procedures in paragraph 146R.

Evaluating Whether the Method Has Been Appropriately Selected and Applied (Ref: Para 146R(b)(i)a.)

A456R. In evaluating whether the method has been appropriately selected and applied, the practitioner's further procedures may address:

- (a) Whether judgements made in selecting the method give rise to indicators of possible management bias;
- (b) Whether the calculations are applied in accordance with the method and are mathematically accurate;
- (c) When management's application of the method involves complex modelling, whether judgements have been applied consistently and whether, when applicable:
 - (i) The design of the model meets the measurement objective of the applicable criteria, is appropriate in the circumstances, and, if applicable, changes from the prior period's model are appropriate in the circumstances; and
 - (ii) Adjustments to the output of the model are consistent with the measurement objective of the applicable criteria and are appropriate in the circumstances; and
- (d) Whether the integrity of the significant assumptions and the data have been maintained in applying the method. Assumptions used in determining an estimate or forward-looking information are referred to as significant assumptions when a reasonable variation in the assumption would materially affect the estimate or forward-looking information.

Evaluating Whether the Assumptions Are Appropriate (Ref: Para. 146R(b)(i)b.)

A457R. In evaluating whether the assumptions are appropriate, the practitioner's further procedures may address:

- (a) Whether judgements made in selecting the significant assumptions give rise to indicators of possible management bias;
- (b) Whether the significant assumptions are consistent with the purpose for preparing

the estimates or forward-looking information, with each other and with those used in other disclosures, or with related assumptions used in other areas of the entity's business activities, based on the practitioner's knowledge obtained in the engagement;

- (c) If applicable, whether management has the intent to carry out specific courses of action and has the ability to do so; and
- (d) Whether the entity has considered alternative assumptions or outcomes, and why it has rejected them.

Evaluating Whether the Data Are Appropriate (Ref: Para. 146R(b)(i)c.)

A458R. In evaluating whether the data are appropriate, the practitioner's further procedures may address:

- (a) Whether judgements made in selecting the data give rise to indicators of possible management bias;
- (b) Whether the data are relevant and reliable in the circumstances; and
- (c) Whether the data have been appropriately understood or interpreted by management, including with respect to contractual terms.

Changes from Prior Periods Not Based on New Circumstances or New Information (Ref: Para. 146L(a)(iii), 146R(b)(i))

A459. When a change from prior periods in a method, significant assumption, or the data are not based on new circumstances or new information, or when significant assumptions are inconsistent with each other and with those used in other estimates, or with related assumptions used in other areas of the entity's business activities, the practitioner may need to have further discussions with management about the circumstances and, in doing so, challenge management regarding the appropriateness of the assumptions used.

Developing a Point Estimate or Range (Ref: Para. 146R(b)(ii))

A460R. Developing a point estimate or range, as applicable, to evaluate estimates and related disclosures may be an appropriate approach when, for example:

- The practitioner's consideration of similar estimates made in the prior period suggests that management's current period process is not expected to be effective.
- The entity's controls within and over management's processes for developing estimates are not well designed or properly implemented.
- Events or transactions between the period end and the date of the practitioner's report have not been properly taken into account, when it is appropriate for management to do so, and such events or transactions appear to contradict management's point estimate.
- There are appropriate alternative assumptions or sources of relevant data that can be used in developing a practitioner's point estimate or a range.
- Management has not taken appropriate steps to understand or address the estimation uncertainty.

A461R. The practitioner may develop a point estimate or a range in a number of ways, for example, by:

- Using a different model than the one used by management, for example, one that is commercially available for use in a particular sector or industry, or a proprietary or practitioner-developed model.
- Using management's model but developing alternative assumptions or data sources to those used by management.
- Using the practitioner's own method but developing alternative assumptions to those used by management.
- Employing or engaging a person with specialised expertise to develop or execute a model, or to provide relevant assumptions.

A462R. The practitioner may also develop a point estimate or range for forward-looking information. The practitioner's decision as to whether to do so may depend on the nature of the forward-looking information and the practitioner's judgement in the circumstances. For example, as forward-looking information is subject to greater inherent uncertainty than historical information, the practitioner may choose to determine whether the disclosure presented by management is within a reasonable range of possible outcomes.

Revising the Risk Assessment in a Reasonable Assurance Engagement (Ref: Para. 147R)

A463R. If, having performed the additional procedures required by paragraph 147R(b), the practitioner is not able to obtain sufficient appropriate evidence to reach a reasonable assurance conclusion, a scope limitation exists and paragraph 185 applies.

Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement (Ref: Para. 148L)

A464L. Not all misstatements are indicative of the existence of material misstatements. However, the practitioner may become aware of a matter(s) that causes the practitioner to believe the sustainability information may be materially misstated. For example, when performing site visits the practitioner may identify a potential source of emissions that does not appear to be included in the emissions disclosures. In such cases, the practitioner makes further enquiries as to the potential source, and how it has been incorporated into the emissions disclosures.

A465L. The practitioner's judgement about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely, or determine that a material misstatement exists, is, for example, guided by:

- Information obtained from the practitioner's evaluation of the results of the procedures already performed.
- The practitioner's updated understanding of the sustainability matters and other engagement circumstances obtained throughout the course of the engagement.
- The practitioner's view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the sustainability information may be materially misstated.
- Whether the practitioner judges it appropriate to perform procedures of similar nature or extent to that required in a reasonable assurance engagement.

A466L. The practitioner uses professional judgement to determine the persuasiveness of evidence required to conclude on the matter that causes the practitioner to believe the sustainability information may be materially misstated.

A467L. If, having performed the additional procedures required by paragraph 148L, the practitioner is not able to obtain sufficient appropriate evidence to either conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated or determine that it does cause the sustainability information to be materially misstated, a scope limitation exists and paragraph 185 applies.

The Entity's Process for Assembling the Sustainability Information (Ref: Para. 149L, 150R)

A468. The process to assemble the sustainability information may be very informal when the entity's information system is immature. In more sophisticated systems, the process may be more systematic and formally documented. The nature and extent of the practitioner's procedures with respect to adjustments and the manner in which the practitioner agrees or reconciles the sustainability information with the underlying records depends on the nature and complexity of the sustainability matters, the entity's reporting process and the related risks of material misstatement. The practitioner also may consider whether all activities within the reporting boundary have been included in the sustainability information in accordance with the applicable criteria.

A469R. Other procedures to respond to the risk of management override of controls may include:

- Enquiring with those charged with governance about the appropriateness of the adjustments made by management in the process for the assembly of the sustainability information.
- Obtaining and examining supporting documentation to determine the rationale, business or otherwise, for the adjustments to the sustainability information.
- Evaluating whether the rationale (or the lack thereof) of the adjustments to the sustainability information suggests that they may have been entered into to engage in fraudulent reporting.
- Inspecting system logs for system overrides or bypasses to controls.

Accumulation and Consideration of Identified Misstatements

Accumulation of Identified Misstatements (Ref: Para. 153)

A470. Uncorrected misstatements are accumulated during the engagement for the purpose of determining whether, individually or in the aggregate, they are material when forming the practitioner's conclusion. "Clearly trivial" is not another expression for "not material." Misstatements that are clearly trivial are of a wholly different (smaller) order of magnitude, or of a wholly different nature than those that would be determined to be material, and are misstatements that are clearly inconsequential, whether taken individually or in the aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial.

A471. For quantitative disclosures, the practitioner may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the practitioner expects that the accumulation of such amounts clearly would not have a material effect on the disclosures.

A472. Clearly trivial may be considered in the context of the impact of the misstatement on the intended users' decisions. As explained in paragraph A36, intended users may include users who may use sustainability information to make resource allocation decisions, or users who may be interested in the impacts described in paragraph A337. The entity's

process to identify sustainability information to be reported may inform the practitioner's consideration of identified misstatements and whether they are clearly trivial.

A473. Examples of where or how misstatements in sustainability information may arise:

- (a) An inaccuracy in gathering or processing information used to prepare the sustainability information.
- (b) Manipulating or obscuring the sustainability information in a manner that would be misleading to the intended users.
- (c) Management's judgements involving estimates being considered unreasonable by the practitioner.
- (d) The inclusion of inappropriate information, for example, information that does not meet the applicable criteria or a misapplication of the entity's process to identify sustainability information to be reported by management which results in the inclusion of excessive immaterial information that obscures or distorts sustainability information required by the applicable criteria.
- (e) The entity's reporting policies to select and apply the criteria are inappropriate or inconsistent with the applicable framework criteria or the criteria used in the relevant industry.
- (f) The inclusion of information that is not supported by sufficient appropriate evidence.
- (g) The omission of sustainability information, for example, information that, in the practitioner's judgement, should have been disclosed based on the entity's process to identify sustainability information to be reported or that otherwise is required to be disclosed by the applicable criteria, or omitting sustainability information relating to a significant subsequent event that would likely change the decisions of users but has not been adequately disclosed.
- (h) Sustainability information that, in the practitioner's judgement, is:
 - (i) Ambiguous; or
 - (ii) Capable of being determined precisely, but is presented in a vague manner.
- (i) Changes since the previous reporting period to the sustainability information without reasonable justification for doing so or without disclosing the reasons for doing so.
- (j) The way the sustainability information is presented, such as:
 - (i) Out of context, in an unbalanced manner, or given greater or lesser prominence than is warranted, based on the available evidence and applicable criteria; or
 - (ii) Using superlatives and adjectives that describe a more positive outcome than is supportable.
- (k) Inappropriately drawing conclusions, based on selective information, through statements such as the following:
 - (i) "A large number of companies worldwide," based on information for only a hundred companies; although a hundred may be large, it is not large compared with the number of companies in the world.

(ii) “The numbers have doubled since last year” may be factual, but a small base giving rise to this doubling may not be disclosed.

- A474. Some framework criteria may allow the entity to omit information, explain what information has been omitted and why. For example, the entity may be permitted to omit information if a requirement is not applicable, information is unavailable or incomplete, there are legal prohibitions, or confidentiality constraints. In such cases, the omitted information may not be a misstatement. The practitioner may discuss the omission, and the reasons for it, with management, and where appropriate, those charged with governance before concluding whether the omission is a misstatement.
- A475. The sustainability information may include a description of the entity's processes, systems or controls regarding the sustainability matters (e.g., the entity's process to identify, assess, and manage current and anticipated sustainability-related risks and opportunities). The scope of the assurance engagement may require the practitioner to conclude:
- (a) Whether the description of the entity’s process, systems or controls fairly presents the design and implementation of those processes, systems or controls;
 - (b) Whether the entity’s processes, systems or controls are suitable, or operated effectively throughout the period; or
 - (c) A combination of both.
- A476. What constitutes a misstatement when the sustainability information includes a description of the entity's processes, systems or controls, depends on the scope of the engagement. For example:
- (a) The scope of the engagement includes whether the entity’s processes, systems or controls are suitable and operated effectively throughout the period: If the practitioner determines that the entity's description of the processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, this may constitute a misstatement.
 - (b) The scope of the engagement does not include whether the entity’s processes, systems or controls are suitable and operated effectively throughout the period, and the related disclosures about the entity’s processes, systems or controls are considered other information: If the practitioner is aware that the entity's description of its processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, paragraph 175 applies.

Considering Whether Identified Misstatements May Be Due to Fraud (Ref: Para. 154)

- A477. Paragraph 78 requires the practitioner to evaluate whether the applicable criteria are suitable. Criteria that are vague and allow manipulation of the sustainability information may not be suitable for the engagement circumstances. If the criteria are suitable but management intentionally did not apply the criteria appropriately, it may be an indication of misstatement due to fraud.
- A478. Misstatements due to fraud may result from intentional:
- (a) Manipulation, falsification, or alteration of information or supporting documentation from which the sustainability information is prepared; or
 - (b) Misrepresentation in, or omission from, the sustainability information.

A479. Examples of misstatements due to fraud in sustainability information:

- Misstating sustainability information to avoid penalties or fines.
- Intentionally inaccurate or misleading public statements or claims that will favourably impact share price or an assessment of the entity's sustainability credentials, such as an inaccurate statement that a bond is a sustainability bond.
- Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way to influence the outcome of the performance reward or compensation.
- Emphasising that a product was produced using recycled materials but intentionally not reporting that the product was produced using forced labour.
- Intentionally reporting topics for which the entity has positive impacts and omitting topics for which the entity has negative impacts.
- Misstating baseline information to make sustainability information look more favourable in subsequent periods.
- Misstating sustainability information associated with specific project milestones, budget approval, or rights to access certain markets or begin projects in certain markets or geographies.

A480. If the practitioner identifies a misstatement that is indicative of fraud, this may have implications in relation to other aspects of the assurance engagement, particularly:

- (a) The practitioner's identification and assessment of risks of material misstatements due to fraud at the disclosures level (in a limited assurance engagement), or at the assertion level for disclosures (in a reasonable assurance engagement), and the resulting effect on the nature, timing and extent of further procedures; and
- (b) The reliability of management representations, recognising that an instance of fraud is unlikely to be an isolated occurrence.

Consideration of Identified Misstatements as the Engagement Progresses (Ref: Para. 155)

A481. The practitioner may also consider whether accumulated misstatements relate to control deficiencies. Specifically, the practitioner may consider whether the nature or extent of the accumulated misstatements result in the need to update the practitioner's understanding of the entity's system of internal control relevant to the preparation of the sustainability information (see paragraphs 113L and 113R).

Communicating and Correcting Misstatements (Ref: Para. 156–158)

A482. In the case of narrative disclosures, asking management to correct a misstatement may involve management either re-wording or removing the misstated text.

A483. The practitioner's understanding of management's reasons for not making the corrections may indicate possible bias in management's judgements.

Evaluating the Effect of Uncorrected Misstatements (Ref: Para. 160)

A484. Determining whether uncorrected misstatements are material involves professional judgement in the context of the applicable criteria and the engagement circumstances, including who the intended users are and what disclosures are likely to be important.

- A485. The manner in which uncorrected misstatements are evaluated depends on the sustainability information that is the subject of the engagement. For example, if the practitioner provides an assurance conclusion on the entirety of the sustainability information, the practitioner may determine whether the uncorrected misstatements are:
- (a) Individually material for each of the disclosures to which they relate. If an individual misstatement in a disclosure is determined to be material, it is unlikely that it can be offset by other misstatements within that disclosure unless the misstatements relate to the same matter and involve the same measurement basis.
 - (b) If the misstatements are not material individually:
 - (i) Material in aggregate (i.e., collectively with other misstatements) across specific topics or aspects of topics (see paragraphs A488 and A489).
 - (ii) Material in aggregate to the entirety of the sustainability information (i.e., in aggregate across all disclosures) (see paragraph A490).
- A486. Misstatements of amounts smaller than the materiality for quantitative disclosures may have a material effect on the reported sustainability information from a qualitative perspective. For example, if an error results in a reversal of a declining trend in an indicator, or if an error prevents an entity from achieving regulatory requirements, these may be considered material, even if the quantitative error is smaller than the quantitative threshold.
- A487. When the scope of the assurance engagement is a number of metrics, each relating to a different sustainability matter, the practitioner may evaluate the materiality of misstatements separately for each metric as intended users may have different tolerances for misstatement in each metric. For example, intended users' tolerance for misstatements is likely to be higher for a disclosure about non-hazardous, degradable waste, than it would be for a disclosure about radioactive or other hazardous waste.
- A488. When the sustainability information is measured using a common measurement basis (e.g., monetary amounts or physical units), the practitioner may be able to accumulate all misstatements together (i.e., as being of the same nature quantitatively and capable of being aggregated). However, the disclosures may relate to multiple topics, may comprise several aspects of the topics, and the sustainability matters may be measured or evaluated using different measurement bases. The practitioner is not required to convert misstatements in different measurement bases into a common base for purposes of accumulating the misstatements and determining whether the sustainability information is materially misstated.
- A489. It may be possible, after all non-quantifiable misstatements have been identified, to group them together, for example, by whether they relate, in common, to particular aspects of the sustainability matters. For example, there may be one or more individually immaterial misstatements in the qualitative statements management has made about occupational health and safety and another immaterial misstatement relating to employee diversity. As occupational health and safety and diversity both relate to the social aspect of sustainability information, the practitioner may be able to group these misstatements together and consider their combined effect on the social aspect of the entity's sustainability information. Similarly, a number of immaterial misstatements in the reported water consumption information and another immaterial misstatement relating to waste generated may be able to be considered together as they both relate to the environmental aspect of the sustainability information.

- A490. The sustainability information as a whole may be misstated, even though the misstatements are individually immaterial. Even if there are misstatements that are not able to be accumulated by sustainability matter or other common factors, they may exhibit a common direction, narrative, tone or trend. For example, if the effect of the misstatements is to make the sustainability information as a whole look more favourable than it actually is or all the misstatements overstate the positive aspects of the entity's actions, and downplay the negative aspects, that may add up to give a biased and misleading picture to the users of the sustainability information.

Other Misstatement Considerations

- A491. Materiality of uncorrected misstatements is considered in the context of qualitative and, when applicable, quantitative factors. The practitioner may also consider the extent to which users could reasonably be expected to make a different decision if the sustainability information was not misstated. Qualitative factors that may indicate that a misstatement is more likely to be material, include:

Sustainability matters

- (a) The entity's process to identify sustainability information to be reported is misaligned with the scope or objective of reporting in accordance with the applicable criteria.
- (b) The misstated sustainability information relates to an aspect of the sustainability matter that has been determined as being significant.
- (c) There are multiple misstatements related to the same topic of the sustainability matter.
- (d) The nature of the misstatements is such that they all overstate or understate the sustainability matter.

External factors

- (e) The misstated sustainability information relates to non-compliance with a law or regulation, particularly when the consequence for non-compliance is severe.
- (f) The misstated sustainability information relates to sustainability matters that has implications for a large number of the entity's stakeholders. However, there may be situations when the sustainability matter has implications for only a small number of stakeholders but may, nonetheless, have material implications. For example, a small community affected by radioactive contamination of its water supply from effluent from an entity's operations may result in a lawsuit that could have a material impact on the entity and its other stakeholders.

Nature of the sustainability information

- (g) The misstatements may indicate doubts as to the feasibility of management's plans. For example, an entity may disclose its policies or commitments to mitigate sustainability-related risks in accordance with the applicable criteria, but evidence obtained may indicate these policies or commitments are unrealistic, rely on unproven technologies, or require financing that the entity is unlikely to be able to obtain.
- (h) The misstatement relates to a particular disclosure that is commonly used to compare the entity to its peers.

- (i) The misstatement relates to a target or threshold, and the error significantly impacts whether the target or threshold is met (e.g., the magnitude of the error may be small but may have significant consequences for meeting the target).
- (j) The misstated information is reporting a significant change in a previously reported position, or a trend that has reversed.

Presentation

- (k) The misstatement that has arisen from the presentation of the sustainability information being misleading because the wording that has been used lacks clarity such that it could be interpreted in widely different ways. Accordingly, intended users might make different decisions depending on their interpretation.

Management's behaviour

- (l) The misstatement has arisen as a result of fraud by management to mislead intended users.
- (m) Management is reluctant to correct the misstatement for reasons other than they consider it immaterial.
- (n) Management is reporting aggressive targets or estimates, or is defensive in providing explanations.

A492. Misstatements in qualitative information are as important as misstatements in quantitative information. If the misstatements in qualitative information are not corrected by management, the practitioner may accumulate them by listing them, or marking up or highlighting them in a copy of the sustainability information. When it is not possible to add the misstatements together to determine their effect in the aggregate, the practitioner may consider whether there are any commonalities among the misstatements, such as whether the misstatements reflect a more favourable outcome that is collectively material, or indicate management bias.

A493. Other factors that may help the practitioner evaluate the materiality of misstatements include understanding:

- The underlying cause of identified misstatements. For example, if the qualitative misstatement exists because management has intentionally decided to misrepresent facts, this may indicate the possibility that the sustainability information may contain a material misstatement due to fraud.
- Whether a misstatement may have an indirect effect on misstatements identified in other areas of the engagement. For example, an otherwise immaterial overstatement of an item might indirectly affect a more significant calculation that incorporates the item, causing that calculation to fall below the required minimum threshold included in a contractual requirement, or the qualification criteria for a scheme, grant or funding. Similarly, the lack of a required approval for a relatively unimportant transaction might not be material individually, but it could have implications for the operating effectiveness of controls in areas of the sustainability information that users might consider important.

Measurement or Evaluation Uncertainty

A494. The sustainability matter may have inherent measurement or evaluation uncertainty (for example, the estimation of climate-related risks in the long term across the entity's value chain). As a result of inherent uncertainties relating to the sustainability matter, there may

be a wide range of possible outcomes and it may be difficult to identify whether there is a material misstatement of the sustainability information. The practitioner may consider whether the sustainability matter is as precise as is required by the applicable criteria, and the information required by the applicable criteria about the inherent uncertainty is disclosed. Without supporting disclosures to help the intended users understand the uncertainty, the applicable criteria may not be suitable, and the sustainability information may not be presented appropriately. Paragraphs 190(g) and A579 address the appropriate descriptions to be included in the assurance report.

- A495. When the uncertainty is not inherent (i.e., when it results from lack of appropriate application of the applicable criteria), it may give rise to misstatements. For example, management may not have used appropriate information to measure or evaluate the sustainability matter that has resulted in it not being as precise as required by the applicable criteria.
- A496. Forward-looking information is ordinarily subject to greater measurement or evaluation uncertainty than historical information. As a result, there may be a broad range of possible outcomes, and it may be difficult to identify and evaluate misstatements, including whether the assumptions are:
- (a) Reasonable, in the case of a forecast; or
 - (b) Realistic and in line with the purpose of the information, in the case of projections.
- A497. The practitioner may consider ways in which misstatements in forward-looking information may arise, for example:
- (a) Data or other information used may not be relevant, complete or reliable;
 - (b) Assumptions may include information that is not relevant, may omit important considerations, may be internally inconsistent, or may be given inappropriate weighting;
 - (c) Assumptions may not be consistent with management's decisions or intent; or
 - (d) There may be unintentional or deliberate misapplication of the assumptions to the data or other information, or in calculations of quantifiable information.

In some cases, misstatements may arise as a result of a combination of these circumstances.

- A498. The practitioner may also consider whether there are indicators of possible management bias in the selection of assumptions, methods or data in the way in which the sustainability information is presented that may indicate a misstatement or have implications for the rest of the assurance engagement. For example, indicators of possible management bias may include when management has:
- (a) Changed the assumptions or methods used, or has made a judgemental assessment that there has been a change in circumstances, without reasonable justification;
 - (b) Used assumptions that are inconsistent with assumptions used elsewhere in the entity's business, including for financial statement or operational purposes, or inconsistent with observable marketplace assumptions; or
 - (c) Selected significant assumptions that favour management's objectives, or that may indicate a pattern or trend.

Evaluating the Description of Applicable Criteria (Ref: Para. 162)

- A499. The preconditions for an assurance engagement in paragraph 78 require that the criteria that the practitioner expects to be applied in the preparation of the sustainability information will be available to the intended users. This may be done by references to a description of the applicable criteria, which is available to the intended users, or the inclusion of a description of the applicable criteria and the sources of those criteria in the sustainability information, to enable intended users to understand how:
- (a) The content of the sustainability information, such as the topics and aspects of the topics, has been identified and selected;
 - (b) The intended users' information needs were identified; and
 - (c) The sustainability matter has been measured or evaluated.
- A500. Referencing or describing the applicable criteria and their sources is particularly important when:
- (a) There are significant differences between criteria applied by entities in the same industry, region, or jurisdiction that the practitioner expects to have similar circumstances or be equivalent.
 - (b) The sustainability matter is subject to a high degree of measurement or evaluation uncertainty, such as forward-looking sustainability information, as there may be more variability, or it may be open to greater interpretation than when there is less uncertainty. This may result in sustainability information that could be misunderstood or misinterpreted by intended users.
- A501. In evaluating whether the reference or description of the criteria is adequate, the practitioner may consider whether it addresses:
- (a) The source of the applicable criteria, and whether the applicable criteria are framework criteria embodied in law or regulation or issued by an authorised or recognised organisation that follows a transparent due process, other framework criteria or entity-developed criteria.
 - (b) How framework criteria have been applied, including the entity's reporting policies for applying the framework criteria.
 - (c) For other framework criteria or entity-developed criteria, how the determination was made that these, together with any framework criteria, are suitable.
 - (d) When applicable framework criteria were not applied, the reasons therefor.
 - (e) The specific aspects of the criteria related to particular types of sustainability information, for example:
 - (i) The basis for evaluating the reasonableness of the underlying assumptions for forward-looking information.
 - (ii) Control objectives for design and operating effectiveness of processes, systems or controls.
 - (iii) Targets, key performance indicators, commitments or goals for evaluating or measuring performance.
 - (f) Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods.
 - (g) Any significant judgements made in applying the applicable criteria in the

engagement circumstances.

- (h) The inherent limitations, if any, associated with the measurement or evaluation of the sustainability matter against the applicable criteria.
- (i) Other matters relevant to intended users' understanding of the basis for the preparation of the sustainability information, including uncertainties.
- (j) Any changes in the measurement or evaluation methods used, and the reasons therefor.
- (k) Any deviations from the applicable criteria identified, for example, deviations from a framework that the entity has referred to as being the basis for preparing the sustainability information.
- (l) The need for clear meaning, so that the description does not contain imprecise or qualifying language that may result in inconsistent interpretation and provides sufficient detail and clarity to be understandable.

Subsequent Events (Ref: Para. 163–164)

A502. Examples of subsequent events:

- The publication of revised factors, assumptions or benchmarks by a body such as a government agency (e.g., revised emissions factors).
- Changes to relevant legislation or regulations.
- Significant improved scientific knowledge.
- Significant structural changes in the entity.
- The availability of more accurate quantification methods.
- The discovery of a significant fraud or error.
- The discovery of significant water pollution or soil contamination.
- Fatality and other significant health and safety events.

A503R. The practitioner's procedures to identify subsequent events may include:

- (a) Obtaining an understanding of any procedures management has established to identify subsequent events.
- (b) Enquiring of management, and where appropriate, those charged with governance, as to whether any subsequent events have occurred that may affect the sustainability information.
- (c) Reading minutes of meetings of the owners, those charged with governance and management held after the date of the sustainability information and enquiring about matters discussed at any such meetings for which minutes are not yet available.
- (d) Reading the entity's monthly or quarterly sustainability information, if available.

A504L. The practitioner's procedures to identify subsequent events may include enquiring of management, and as appropriate, those charged with governance, about whether any subsequent events have occurred that may affect the sustainability information.

A505. The practitioner has no responsibility to perform any procedures regarding the sustainability information after the date of the assurance report. However, if, after the date

of the assurance report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the assurance report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with management or those charged with governance or take other action as appropriate in the circumstances.

Written Representations from Management and Those Charged with Governance (Ref: Para. 165)

- A506. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and management, and where appropriate, those charged with governance. The person(s) from whom the practitioner requests written representations will ordinarily be a member of senior management or those charged with governance depending on, for example, the management and governance structure of the entity, which may vary by jurisdiction, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics.
- A507. Representations by management and, where appropriate, those charged with governance cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide necessary evidence, they do not provide sufficient appropriate evidence on their own about any of the matters with which they deal. Furthermore, the fact that the practitioner has received reliable written representations does not affect the nature or extent of other evidence that the practitioner obtains.

Other Information

Obtaining the Other Information (Ref: Para. 171)

- A508. As explained in paragraph 5, the scope of the assurance engagement may extend to all of the sustainability information to be reported by the entity or only part of that information. When the assurance engagement does not cover the entirety of the sustainability information, the term “sustainability information” is to be read as the information that is subject to the assurance engagement.
- A509. The objective of the required discussion with management in paragraph 171(a) is to help the practitioner understand the entirety of the sustainability information to be reported, including the sustainability information subject to the assurance engagement, and where it will be reported, to be able to identify the other information required to be read and considered in accordance with paragraph 172. For example, the sustainability information subject to the assurance engagement may be included as part of an entity’s management report, annual report or integrated report, or included with other governance information.
- A510. As frameworks and practices for reporting sustainability information may be evolving and new laws and regulations may be imposed over time, the location of the sustainability information and the content of the report(s) in which that information is included may change between periods. As a result, it may not be clear which document(s) comprises the report in which the sustainability information will be published. The practitioner may communicate with those responsible for preparing the entity’s reports, whether management or those charged with governance, the practitioner’s expectations in relation to obtaining the final version of the report(s) that will contain the sustainability information in a timely manner prior to the date of the assurance report. This enables the practitioner to complete the procedures required by this ISSA (NZ) before the date of the assurance report.

A511. When other information is only made available to users via the entity's website, the final version of the other information obtained from the entity, rather than directly from the entity's website, is the relevant document on which the practitioner would perform procedures in accordance with this ISSA (NZ). The practitioner has no responsibility under this ISSA (NZ) to search for other information, including other information that may be on the entity's website. In addition, the practitioner has no responsibility to perform any procedures to confirm that other information is appropriately displayed on the entity's website or otherwise has been appropriately transmitted or displayed electronically, unless this is within the scope of the assurance engagement.

Reading and Considering the Other Information (Ref: Para. 172)

A512. 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 34. 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.

A513. In some cases, disclosures in the other information may summarise, or provide additional details about, the disclosures in the sustainability information subject to the assurance engagement. The practitioner may compare a selection of such disclosures in the other information with the disclosures in the sustainability information subject to assurance. The extent of this comparison is a matter of professional judgement recognising that the practitioner's responsibilities under this ISSA (NZ) do not constitute an assurance engagement on the other information or impose an obligation to obtain assurance about the other information.

Responding When the Practitioner Concludes That a Material Misstatement of the Other Information Exists

Responding When the Practitioner Concludes That a Material Misstatement Exists in Other Information Obtained Prior to the Date of the Assurance Report (Ref: Para. 175–176)

A514. The actions the practitioner takes if the other information is not corrected after communicating with those charged with governance are a matter of professional judgement. The practitioner may take into account whether the rationale given by management and those charged with governance for not making the correction raises doubt about the integrity or honesty of management or those charged with governance, such as when the practitioner suspects an intention to mislead. The practitioner may also consider it appropriate to seek legal advice. In some cases, the practitioner may be required by law, regulation or professional requirements to communicate the matter to a regulator or relevant professional body.

Responding When the Practitioner Concludes That a Material Misstatement Exists in Other Information Obtained After the Date of the Assurance Report (Ref: Para. 175–176)

A515. The practitioner has no obligation to perform any procedures regarding the other information that becomes available after the date the assurance report. However, the practitioner may become aware that a material inconsistency appears to exist between the other information available after the date of the assurance report and the sustainability information or the practitioner’s knowledge obtained in the engagement. The practitioner may discuss the matter with management or those charged with governance, as appropriate, and if the other information is not corrected take appropriate action. This may include performing other procedures to conclude whether a material misstatement of the other information or of the sustainability information exists. If the practitioner concludes that a material misstatement exists, but the other information is not corrected, the practitioner may seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the practitioner’s report is prepared, considering the practitioner’s legal rights and obligations.

Reporting Implications (Ref: Para. 176(a))

A516. In rare circumstances, a disclaimer of conclusion or opinion on the sustainability information may be appropriate when the refusal to correct the material misstatement of the other information casts such doubt on the integrity of management and those charged with governance as to call into question the reliability of evidence in general.

Withdrawal from the Engagement (Ref: Para. 176(b))

A517. Withdrawal from the engagement, when possible under applicable law or regulation, may be appropriate when the circumstances surrounding the refusal to correct the material misstatement of the other information cast such doubt on the integrity of management and those charged with governance as to call into question the reliability of representations obtained from them during the assurance engagement.

Responding When a Material Misstatement in the Sustainability Information Exists or the Practitioner’s Understanding of the Entity and Its Environment Needs to Be Updated (Ref: Para. 177)

A518. In reading the other information, the practitioner may become aware of new information that has implications for:

- The practitioner’s understanding of the entity and its environment and, accordingly, may indicate the need to revise the practitioner’s risk consideration or assessment.
- The practitioner’s responsibility to evaluate the effect of identified misstatements on the engagement and of uncorrected misstatements, if any, on the sustainability information.
- The practitioner’s responsibilities relating to subsequent events.

Forming the Assurance Conclusion

Evaluating the Evidence Obtained (Ref: Para. 178)

A519. An assurance engagement is an iterative process, and information may come to the practitioner’s attention that differs significantly from that on which the determination of planned procedures was based. This may particularly be the case when the entity’s information system is less mature or when the disclosures, and their characteristics, are

subject to greater judgement. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to perform additional procedures to meet the intended purpose(s) in performing those procedures. In some circumstances, the practitioner may not have obtained the evidence that the practitioner had expected to obtain through the planned procedures. When the practitioner determines that the evidence obtained from the procedures performed is not sufficient and appropriate to be able to form a conclusion on the sustainability information, the practitioner may:

- (a) Extend the work performed; or
- (b) Perform other procedures judged by the practitioner to be necessary in the circumstances.

When neither of these is practicable in the circumstances, the practitioner will not be able to obtain sufficient appropriate evidence to be able to form a conclusion.

A520. A procedure may be designed to be effective in achieving an intended purpose, but if the performance or execution of the procedure (i.e., its application) is inappropriate the purpose of the procedure may not be met. Paragraphs 31–63 address the specific responsibilities of the practitioner regarding quality management at the engagement level, and the related responsibilities of the engagement leader, which may affect the application of procedures. In addition, paragraph A116 explains that the review of the engagement team’s work consists of considering whether, for example:

- (a) The evidence obtained is sufficient and appropriate to provide a basis for the practitioner’s assurance conclusion; and
- (b) The objectives of the procedures have been achieved.

A521. The practitioner’s professional judgement as to what constitutes sufficient appropriate evidence is influenced by such factors as the following:

- Significance of a potential misstatement and the likelihood of it having a material effect, individually or when aggregated with other potential misstatements, on the sustainability information.
- Effectiveness of management or those charged with governance’s responses to address the known risk of material misstatement.
- Experience gained during previous assurance engagements with respect to similar potential misstatements.
- Results of procedures performed, including whether such procedures identified specific misstatements.
- Source and reliability of the available information.
- Persuasiveness of the evidence.
- Understanding of the entity and its environment.

A522. The evaluation of evidence obtained related to the preparation of qualitative information or qualitative aspects of quantitative information may include consideration of whether:

- (a) There are indicators of possible bias in judgements and decisions in the making of estimates and in preparing the sustainability information;
- (b) The quantification methods and reporting policies selected and applied are consistent with the applicable criteria and are appropriate;

- (c) The information presented in the sustainability information is relevant, reliable, complete, comparable and understandable;
- (d) The sustainability information provides adequate disclosure of the applicable criteria, and other matters, including uncertainties, such that intended users can understand the significant judgements made in its preparation; and
- (e) The terminology used in the sustainability information is appropriate.

Evidence Obtained That Is Inconsistent with Other Evidence (Ref: Para. 180)

- A523. When evidence is inconsistent with other evidence, it may indicate that some of the information used as evidence is not reliable. This may be the case, for example, when responses to enquiries of management, those charged with governance, internal auditors, or others are inconsistent. Such inconsistencies may therefore call into question the appropriateness of the practitioner's evaluation of the relevance and reliability of such information, in accordance with paragraph 90. Paragraph 94 addresses the practitioner's responsibilities when the practitioner has doubts about the relevance and reliability of information intended to be used as evidence. The extent to which the practitioner may need to modify or add to the procedures to resolve the doubts and the effect on other aspects of the assurance engagement may vary.
- A524. When performing a procedure, the practitioner may identify items that are inconsistent with the practitioner's expectations or that exhibit characteristics that are unusual. Different terminology may be used to describe these items, for example, exceptions, outliers, notable items, or items of interest. These items may indicate a possible misstatement in the sustainability information. They may also indicate inconsistencies in evidence, particularly when other evidence has not identified similar exceptions or outliers, or cast doubt on the reliability of the information.
- A525. In considering the effect of inconsistencies in evidence on other aspects of the assurance engagement, the practitioner may consider whether the practitioner's risk assessment remains appropriate.
- A526. If the practitioner is unable to obtain sufficient appropriate evidence, the practitioner is required to express a qualified conclusion or disclaim a conclusion on the sustainability information, or, if possible, withdraw from the engagement, in accordance with paragraph 185.

Concluding (Ref: Para. 181–184)

- A527. In regulatory disclosure regimes, disclosures specified in the relevant law or regulation are adequate for reporting to the regulator. However, additional disclosures in the sustainability information may be necessary for other intended users to understand the significant judgements made in preparing the sustainability information, such as:
- (a) The method used for determining the reporting boundary, if the applicable criteria allow a choice between different methods, and which operations are included;
 - (b) Significant evaluation or quantification methods and reporting policies selected and applied, including:
 - (i) The entity's process to identify the sustainability matters to be included in the sustainability information (see paragraph A3);
 - (ii) Any significant interpretations made in applying the applicable criteria in the entity's circumstances, including data sources and, when choices between

different methods are allowed, or entity-specific methods are used, disclosure of the method used and the rationale for doing so; and

- (iii) How the entity determines whether previously reported disclosures should be restated;
- (c) A statement regarding the uncertainties relevant to the entity's quantification of its sustainability information, including: their causes, how they have been addressed and their effects on the sustainability information; and
- (d) Changes, if any, in the matters mentioned in this paragraph or in other matters that materially affect the comparability of the sustainability information with a prior period(s) or base year.

Evaluating Whether the Sustainability Information Achieves Fair Presentation (Ref: Para. 182)

A528. In the case of fair presentation criteria, the practitioner's evaluation about whether the sustainability information achieves fair presentation is a matter of professional judgement. This evaluation takes into account such matters as the facts and circumstances of the entity, including changes thereto, based on the practitioner's understanding of the entity and the evidence obtained. The evaluation also includes consideration, for example, of the disclosures needed to achieve a fair presentation arising from matters that could be material (i.e., in general, misstatements are considered to be material if they could reasonably be expected to influence decisions of intended users taken on the basis of the sustainability information), such as the effect of evolving requirements or the changing environment.

A529. Evaluating whether the sustainability information achieves fair presentation may include, for example, discussions with management and those charged with governance about their views on why a particular presentation was chosen, as well as alternatives that may have been considered. The discussions may include, for example:

- The degree to which the disclosures in the sustainability information are aggregated or disaggregated, and whether the presentation of disclosures obscures useful information, or results in misleading information.
- Consistency with appropriate industry practice, or whether any departures are relevant to the entity's circumstances and therefore warranted.

Scope Limitation (Ref: Para. 185)

A530. A scope limitation may arise from:

- (a) Circumstances beyond the control of the appropriate party(ies). For example, documentation the practitioner considers necessary to inspect may have been accidentally destroyed;
- (b) Circumstances relating to the nature or timing of the practitioner's work. For example, a physical process the practitioner considers necessary to observe may have occurred before the practitioner's engagement; or
- (c) Limitations imposed by management, those charged with governance, or the engaging party on the practitioner that, for example, may prevent the practitioner from performing a procedure the practitioner considers to be necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner's consideration of engagement risk and the acceptance and continuance of the client relationship and the assurance engagement.

A531. An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.

Taking Overall Responsibility for Managing and Achieving Quality (Ref: Para. 186(d)(i))

A532. Relevant considerations in determining that the engagement leader's involvement has been sufficient and appropriate throughout the engagement to provide a basis for determining that the significant judgements made and conclusions reached are appropriate, given the nature and circumstances of the engagement, include, for example:

- (a) How consultation on difficult, contentious or other matters has been undertaken and conclusions agreed have been implemented;
- (b) How differences of opinion have been addressed and resolved; and
- (c) How the engagement documentation evidences the engagement leader's involvement throughout the engagement.

A533. Examples of indicators that the engagement leader may not have been sufficiently and appropriately involved:

- Lack of timely review by the engagement leader of the engagement planning, including reviewing the risk assessment procedures performed.
- Evidence that those to whom tasks, actions or procedures have been assigned were not adequately informed about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and were not provided other necessary instructions and relevant information.
- A lack of evidence of the engagement leader's direction and supervision of the other members of the engagement team and the review of their work.

A534. If the engagement leader's involvement does not provide the basis for determining that the significant judgements made and the conclusions reached are appropriate, the engagement leader will not be able to make the determination required by paragraph 186. In addition to taking into account firm policies or procedures that may set forth the required actions to be taken in such circumstances, appropriate actions that the engagement leader may take, include, for example:

- Updating and changing the engagement plan;
- Re-evaluating the planned approach to the nature and extent of review and modifying the planned approach to increase the involvement of the engagement leader; or
- Consulting with personnel assigned operational responsibility for the relevant aspect of the firm's system of quality management.

Documentation (Ref: Para. 187)

A535. The requirement to document how the practitioner addressed inconsistencies in information does not imply that the practitioner needs to retain engagement documentation that is incorrect or superseded.

A536. Engagement documentation evidencing the involvement of the engagement leader and the engagement leader's determination in accordance with paragraph 186(d)(i) may be accomplished in different ways depending on the nature and circumstances of the

engagement.

Examples:

- Direction of the engagement team can be documented through signoffs of the engagement plan and project management activities;
- Minutes from formal meetings of the engagement team may provide evidence of the clarity, consistency and effectiveness of the engagement leader's communications and other actions in respect of culture and expected behaviours that demonstrate the firm's commitment to quality;
- Agendas from discussions between the engagement leader and other members of the engagement team, and where applicable the engagement quality reviewer, and related signoffs and records of the time the engagement leader spent on the engagement, may provide evidence of the engagement leader's involvement throughout the engagement and supervision of other members of the engagement team; or
- Signoffs by the engagement leader and other members of the engagement team provide evidence that the working papers were reviewed.

Preparing the Assurance Report

Communicating Effectively in the Assurance Report (Ref: Para. 188–189)

A537. The assurance report is the means by which the practitioner communicates the outcome of the assurance engagement to the intended users. Clear communication helps the intended users to understand the assurance conclusion. The practitioner does not report orally or by use of symbols without also providing a written assurance report that is readily available whenever the oral report is provided or the symbol is used, so that the practitioner's conclusion is not misunderstood. For example, a symbol indicating disclosures have been subject to an assurance engagement could be hyperlinked to a written assurance report.

A538. Appendix 3 contains illustrations of assurance reports on sustainability information, incorporating only the basic elements in paragraph 190 for the fact pattern stated above each illustration. The circumstances of the engagement may necessitate additional matters to be included in the assurance report to comply with this ISSA (NZ) or the practitioner may consider that additional matters are needed to aid the understanding of the intended users.

Assurance Report Content (Ref: Para. 190)

A539. This ISSA (NZ) does not require a standardised format for reporting on all assurance engagements. Instead, it identifies the basic elements the assurance report is to include. Assurance reports are tailored to the specific engagement circumstances. The practitioner may use headings, in addition to those required by this ISSA (NZ), paragraph numbers, the bolding of text, and other mechanisms to enhance the clarity and readability of the assurance report.

Title of the Assurance Report (Ref: Para. 190(a))

A540. To be independent, an assurance report is prepared by a practitioner that complies with the independence requirements of Professional and Ethical Standard 1 related to sustainability assurance engagements or requirements that are at least as demanding.

Addressee (Ref: Para. 190(b))

A541. The addressee is usually the engaging party or those charged with governance of the entity. Law or regulation or the terms of the engagement may specify to whom the assurance report is to be addressed in that particular jurisdiction. As well as identifying the addressee of the assurance report, the practitioner may consider it appropriate to include wording in the body of the assurance report that specifies the purpose for which, or the intended users for whom, the report was prepared.

The Practitioner's Conclusion (Ref: Para. 190(c))

The level of assurance obtained (Ref: Para. 190(c)(iii))

A542. When parts of the sustainability information are subject to limited assurance and other parts are subject to reasonable assurance, clear identification in the assurance report of the sustainability information subjected to each level of assurance may aid users' understanding of what has been subject to limited assurance and what has been subject to reasonable assurance. The conclusions relating to each part of the sustainability information may also be distinguished to assist the intended users. In these circumstances, the practitioner's report contains each of the content elements that are common to both levels of assurance, with the content elements for limited assurance and reasonable assurance clearly separated, to comply with paragraph 190.

Identification or description of the sustainability information (Ref: Para. 190(c)(iv))

A543. Identification or description of the sustainability information subject to the assurance engagement and, when appropriate, the sustainability matters, may include:

- The title or other identifying features of the sustainability information and, if applicable any broader report (such as an annual report or integrated report) within which the sustainability information is reported.
- If the sustainability information subject to the assurance engagement is not the entire sustainability information reported, identification of the part of the sustainability information subject to the assurance engagement, and if necessary to assist users' understanding, identification of the sustainability information not subject to the assurance engagement (see also paragraph A544).
- Where applicable, the name of other entity(ies) (such as entities in the value chain), facility(ies), location(s), jurisdiction(s) or other boundary(ies) to which the sustainability matters relate.
- An explanation of those characteristics of the sustainability matters or the sustainability information of which the intended users should be aware, and how such characteristics may influence the precision of the measurement or evaluation of the sustainability matters against the applicable criteria, or the persuasiveness of available evidence. For example:
 - The degree to which the sustainability information is qualitative versus quantitative, narrative versus numeric, objective versus judgemental, or historical versus forward-looking.
 - Changes in the sustainability matters, criteria or other engagement circumstances that affect the comparability of the sustainability information from one period to the next.

A544. In some circumstances, the entity may refer to the fact that certain sustainability information (e.g., information related to a value chain entity outside of the entity’s control) has been subject to assurance, and may also include a reference in the sustainability information to the report of the practitioner that performed that assurance engagement. Such references could imply that the practitioner is taking responsibility for the content of, or conclusions expressed, in the assurance report of that other practitioner. In these circumstances, the practitioner may decide to clearly identify these references as not being subject to the assurance engagement.

Expression of the practitioner’s conclusion (Ref: Para. 190(c)(vi)–(vii), 198L, 198R)

A545L. Examples of conclusions expressed in a form appropriate for a limited assurance engagement:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [sustainability information] is not prepared, in all material respects, in accordance with XYZ criteria.”
 - (ii) Under a fair presentation framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria.”
- (b) When expressed in terms of a statement made by the appropriate party:
 - (i) Under a compliance framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party’s] statement that [the entity] has complied, in all material respects, with XYZ requirements is not properly prepared.”
 - (ii) Under a fair presentation framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party’s] statement that the [sustainability information] is prepared in accordance with XYZ criteria is not, in all material respects, fairly stated.”

A546R. Examples of conclusions expressed in a form appropriate for a reasonable assurance engagement:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: “In our opinion, the entity’s [sustainability information] is prepared, in all material respects, in accordance with XYZ criteria;” or
 - (ii) Under a fair presentation framework: “In our opinion, the entity’s [sustainability information] is fairly presented, in all material respects, in accordance with XYZ criteria;”

- (b) When expressed in terms of a statement made by the appropriate party:
- (i) Under a compliance framework: “In our opinion, the [appropriate party’s] statement that the entity has complied with XYZ requirement is, in all material respects, properly prepared” or
 - (ii) Under a fair presentation framework: “In our opinion, the [appropriate party’s] statement that the [sustainability information] is prepared in accordance with XYZ criteria is, in all material respects, fairly stated.”

A547. Forms of expression that may be useful for sustainability matters include, for example, one, or a combination of, the following:

- For compliance frameworks—“in compliance with” or “in accordance with.”
- For engagements when the applicable criteria describe a methodology for the preparation or presentation of the sustainability information—“properly prepared.”
- For engagements when the principles of fair presentation are embodied in the applicable criteria—“fairly stated” or “presents fairly.”

Identification of the applicable criteria (Ref: Para. 190(c)(vii))

A548. In order for the practitioner to accept or continue the engagement, paragraph 81 requires the preconditions to be met, including that the criteria will be available to the intended users. Management or those charged with governance may make the applicable criteria available to users, either in the sustainability information or by reference, in order for the intended users to understand the basis of preparation of the sustainability information. The entity’s sustainability information or the description of the criteria referenced, may include matters such as:

- Details of the sources of the applicable criteria, and whether or not the applicable criteria are framework criteria, embodied in law or regulation, or issued by an authorised or recognised organisation that follow a transparent due process, and if they are not, who developed the criteria, the basis for that development (such as how the intended users’ needs were identified) and a description of why they are considered suitable.
- Reporting policies for the measurement or evaluation methods used, including when the applicable criteria allow for choice between a number of methods.
- Any significant interpretations made in applying the applicable criteria.
- Whether there have been any changes in reporting policies for the measurement or evaluation methods used since the prior period.

A549. A statement that management has prepared the sustainability information in accordance with particular criteria is appropriate only if the sustainability information complies with all the requirements of those criteria that are effective during the period covered by the sustainability information.

A550. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, “the sustainability information is in substantial compliance with the requirements of XYZ”) is not an adequate description as it may mislead users of the sustainability information.

A551. Sometimes management may report the sustainability information using more than one framework. In such a case, user understanding is likely to be enhanced if management or

those charged with governance make available the criteria relating to each framework separately, rather than being summarised or combined. When management prepares the sustainability information in accordance with multiple frameworks (e.g., a national framework and a global framework), those frameworks represent the applicable criteria and are identified in accordance with paragraph 190(c)(vii), if each framework is complied with individually. If the sustainability information is prepared in accordance with one sustainability reporting framework and, in addition, discloses the extent to which the sustainability information complies with another framework, such disclosure is covered by the assurance conclusion if it cannot be clearly differentiated from the sustainability information.

Informing the intended users of the context in which the practitioner's conclusion is to be read (Ref: Para. 190(c)(ix))

A552. It may be appropriate to inform the intended users of the context in which the practitioner's conclusion is to be read when the assurance report includes an explanation of particular characteristics of the sustainability matter of which the intended users should be aware. The practitioner's conclusion may, for example, include wording such as: "This conclusion has been formed on the basis of the matters outlined elsewhere in this independent assurance report."

Basis for Conclusion Section (Ref: Para. 190(d))

Statement that the engagement was conducted in accordance with this ISSA (NZ) (Ref: Para. 190(d)(i))

A553. Practitioner's statements that contain imprecise or limiting language (for example, "the engagement was performed by reference to (or based on) ISSA (NZ) 5000") may mislead users of assurance reports. In these circumstances, users may understand that all of the requirements of this ISSA (NZ) have all been complied with, even if they have not (see paragraph 20).

Statement about independence requirements specific to certain entities (Ref: Para 190(d)(v))

A554. Relevant ethical requirements may:

- Establish independence requirements that are specific to sustainability assurance engagements of certain entities specified in the relevant ethical requirements, such as the independence requirements for sustainability assurance engagements of public interest entities in Professional and Ethical Standard 1.
- Require the practitioner to publicly disclose when the practitioner applied independence requirements specific to sustainability assurance engagements of certain entities. For example, Professional and Ethical Standard 1 requires that when a firm has applied the independence requirements for public interest entities in performing a sustainability assurance engagement of an entity, the firm publicly disclose that fact, unless making such disclosure would result in disclosing confidential future plans of the entity.

Responsibilities for the Sustainability Information (Ref: Para. 190(f))

A555. Identifying relative responsibilities informs the intended users that management, or those charged with governance, as appropriate, is responsible for the preparation of the

sustainability information, and that the practitioner's role is to independently express a conclusion about the sustainability information.

- A556. Those charged with governance instead of management may be responsible for the sustainability information depending on the engagement circumstances and the legal framework in the particular jurisdiction. In other jurisdictions, those charged with governance may be responsible for the oversight of the process to prepare the sustainability information, and management fulfils the responsibilities described in paragraph 190(f)(i).

Applicability of responsibility for fair presentation of the sustainability information (Ref: Para. 190(f)(i)a.)

- A557. Some criteria acknowledge explicitly or implicitly the concept of fair presentation. As noted in the definition of criteria (see paragraph 18), fair presentation criteria not only require compliance with the criteria, but also acknowledge explicitly or implicitly that it may be necessary for management to provide disclosures beyond those specifically required by the criteria. Therefore, the responsibilities of management or those charged with governance, as appropriate, for preparing the sustainability information in accordance with a fair presentation framework, extend to whether fair presentation is achieved in the sustainability information presented.

Inherent Limitations in Preparing the Sustainability Information (Ref: Para. 190(g))

- A558. While in some cases inherent limitations can be expected to be well understood by the intended users, in other cases it may be appropriate for the practitioner to make explicit reference to them in the assurance report. This may particularly be the case when inherent measurement or evaluation uncertainties may be fundamental to intended users' understanding of the sustainability information. For example, for greenhouse gas emissions, it may be appropriate to note that the entity's disclosures about Scope 3 emissions are subject to more inherent limitations than for Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 information from value chain entities outside the control of the group.
- A559. Management may choose to explain limitations on the ability to obtain information from value chain entities included in the sustainability information reported and, if not, the practitioner may discuss with management whether to do so. The practitioner may also choose to describe the effects on the practitioner's procedures in the assurance report (e.g., in the Inherent Limitations section of the report). However, it is important that any such description in the assurance report does not imply that the practitioner's responsibility for obtaining sufficient appropriate evidence to support the assurance conclusion is reduced with respect to such information.
- A560. For engagements on sustainability information containing forward-looking information (i.e., goals or targets, forecasts, scenario analyses or transition plans) the preparation of this information may be subject to inherent limitations. If the practitioner describes such limitations in an Inherent Limitations section of the assurance report, such description may refer to management's explanation, if any, and state that:
- For a forecast expressed as specific disclosure(s): Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material;

- For a forecast expressed as a range: For forecast information expressed in a range the actual results may fall outside of that range and the variation could be material; or
- For projections, scenario analyses or transition plans: The forward-looking sustainability information has been prepared for (state purpose), using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that the forward-looking sustainability information is not used for purposes other than that described.

An Informative Summary of the Work Performed as the Basis for the Practitioner's Conclusion (Ref: Para. 190(i))

- A561. For engagements that require the practitioner to obtain different levels of assurance on different topics, aspects of topics or disclosures, the practitioner may also delineate the procedures performed for each level of assurance so that it is clear to the users which procedures were performed in relation to the sustainability information.
- A562R. The assurance report in a reasonable assurance engagement requires a section with the subheading "Practitioner's Responsibilities" that briefly describes procedures performed (see paragraph 190(h)(iv-v)). This is because, in a reasonable assurance engagement, describing in any level of detail the specific procedures performed would not assist users to understand that, in all cases where an unmodified conclusion is issued, sufficient appropriate evidence has been obtained to enable the practitioner to form a reasonable assurance conclusion.
- A563L. In a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential for the intended users to understand the conclusion expressed in the limited assurance report. The summary of work performed is therefore ordinarily more detailed than the procedures described in the Practitioner's Responsibilities section in a reasonable assurance report. It also may be appropriate to include a description of procedures that were not performed that would ordinarily be performed in a reasonable assurance engagement. However, a complete identification of all such procedures may not be possible because the procedures in a limited assurance engagement vary in nature and timing from, and are less than for, a reasonable assurance engagement.
- A564L. Factors to consider in determining the level of detail to be provided in the summary of work performed may include:
- Circumstances specific to the entity (e.g., the differing nature of the entity's activities compared to those typical in the sector).
 - Specific engagement circumstances affecting the nature and extent of the procedures performed.
 - The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.
- A565L. In describing the procedures performed in a limited assurance report, it is important that they are written in an objective way but are not summarised to the extent that they are ambiguous, nor written in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is also important that the description of the procedures not give the impression that an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan. The procedures for

limited assurance, which are described in the "Summary of Work Performed" section, may appear to a user to be more comprehensive than the procedures described in a reasonable assurance engagement, so it may be helpful for the practitioner to explain why this is the case. This may be accomplished by including in the assurance report an indication of the differences between limited assurance and reasonable assurance to aid user understanding, especially when both reasonable and limited assurance are in the same assurance report.

Date of the Assurance Report (Ref: Para. 190(1))

A566. Including the assurance report date informs the intended users that the practitioner has considered the effect on the sustainability information and on the assurance report of events that occurred up to that date.

Form of the Assurance Report (Ref: Para. 190)

A567. An assurance conclusion expressed in a binary manner (e.g., concludes that the sustainability information either has, or has not, been prepared in accordance with the applicable criteria) may not be able to communicate sufficiently the complexities that may be present in a sustainability assurance engagement without additional contextual information to aid the intended users' understanding. The practitioner may choose a "short-form" or "long-form" style of reporting to facilitate effective communication to the intended users. "Short-form" reports ordinarily include only the basic elements, as required by paragraph 190. "Long-form" reports include other information and explanations that are not intended to affect the practitioner's conclusion, such as:

- (a) Detailed description of the terms of the engagement;
- (b) Findings relating to particular aspects of the engagement;
- (c) Details of the qualifications and experience of the practitioner and others involved with the engagement;
- (d) The practitioner's considerations of materiality, and whether those considerations are in respect of qualitative or quantitative sustainability information;
- (e) The intended users of the assurance report and the purpose for which it has been prepared;
- (f) The range of competencies that were needed to perform the engagement and how they have been deployed on the engagement; or
- (g) Explanation of why, in an assurance engagement, the practitioner cannot become involved in the preparation of the sustainability information because such an engagement is designed to give a conclusion by an independent practitioner over the sustainability information.

The practitioner may find it helpful to consider the significance of providing such information to the information needs of the intended users. As required by paragraph 189, additional information is clearly separated from the practitioner's conclusion and phrased in such a manner so as to make it clear that it is not intended to detract from that conclusion.

A568. Including the practitioner's recommendations on matters, such as improvements to the entity's information system, in the assurance report may imply that those matters have not been appropriately dealt with in preparing the sustainability information. Such recommendations may be communicated, for example, in a management letter or in

discussion with those charged with governance. Considerations relevant to deciding whether to include recommendations in the assurance report include whether their nature is relevant to the information needs of intended users, and whether they are worded appropriately so that they will not be misunderstood as a qualification of the practitioner's conclusion on the sustainability information.

A569. In addition to the basic elements described in paragraph 190, the practitioner may decide to include additional information in the assurance report (see paragraph A567). Matters that may be relevant to the practitioner's decision to include such additional information may include:

- (a) Sustainability information may be prepared for diverse groups of users, and may cover sustainability matters that are diverse in nature, ranging from a single aspect, such as greenhouse gases emitted by the entity during a period, through to an entity's strategy, business model and performance, which may comprise:
 - Historical information.
 - Forward-looking information.
 - Processes, systems and controls.
 - Performance against targets, goals or commitments.
- (b) The sustainability matters may be complex to measure or evaluate, or be subject to measurement or evaluation uncertainties, which the intended users may not be aware of.
- (c) The criteria used to measure or evaluate them may be set out in an established framework, may be developed by the entity, or may be selected from various frameworks, with or without further development by the entity, making it difficult for a user to understand how the sustainability information has been prepared.
- (d) The sustainability information may be presented in the form of a traditional standalone report, or as part of a larger report or reports. It may also be presented partially in narrative and partially through the use of graphs, images, embedded videos or similar representations. The presentation could support the users' understanding of what is, and what is not, subject to the assurance engagement.

Name of the Engagement Leader in the Assurance Report (Ref: Para. 191)

A570. The objective of the firm in Professional and Ethical Standard 3 is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:

- The firm and its personnel fulfil their responsibilities in accordance with professional requirements and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement leaders are appropriate in the circumstances.

Notwithstanding the objective of Professional and Ethical Standard 3, naming the engagement leader in the assurance report is intended to provide further transparency to the users of the assurance report on sustainability information of an FMC reporting entity considered to have a higher level of public accountability.

- A571. Law, regulation or national standards may require that the practitioner's report include the name of the engagement leader responsible for assurance reports other than those of sustainability information of FMC reporting entities considered to have a higher level of public accountability. The practitioner may also be required by law, regulation or national standards, or may decide to include additional information beyond the engagement leader's name in the assurance report to further identify the engagement leader, for example, the engagement leader's professional license number that is relevant to the jurisdiction where the engagement leader practices.
- A572. In rare circumstances, the practitioner may identify information or be subject to experiences that indicate the likelihood of a personal security threat that, if the identity of the engagement leader is made public, may result in physical harm to the engagement leader, other engagement team members or other closely related individuals. However, such a threat does not include, for example, threats of legal liability or legal, regulatory or professional sanctions. Discussions with those charged with governance about circumstances that may result in physical harm may provide additional information about the likelihood or severity of the significant personal security threat. Law, regulation or national standards may establish further requirements that are relevant to determining whether the disclosure of the name of the engagement leader may be omitted.

Reference to a Practitioner's Expert in the Assurance Report (Ref: Para. 192)

- A573. In some cases, law or regulation may require a reference to the work of a practitioner's expert in the assurance report, for example, for the purposes of transparency in the public sector. It may also be appropriate in other circumstances, for example, to explain the nature of a modification of the practitioner's conclusion, or when the work of an expert is integral to findings included in a long-form report. In such circumstances, the practitioner may need the permission of the practitioner's expert before making such a reference.
- A574. As the practitioner has sole responsibility for the assurance conclusion expressed, it is important that, if the assurance report refers to a practitioner's expert, the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert. For example, in describing the practitioner's approach to an estimate that has been identified as having high estimation uncertainty, the practitioner may wish to highlight that the practitioner employed or engaged a practitioner's expert without identifying that expert. Such a reference to the use of a practitioner's expert does not reduce the practitioner's responsibility for the conclusion on the sustainability information and is therefore not inconsistent with paragraph 192.
- A575. A generic reference in a long-form report to the engagement having been conducted by suitably qualified personnel, including subject matter experts and assurance specialists, is unlikely to be misunderstood as reduced responsibility. The potential for misunderstanding is higher, however, in the case of short-form reports, where minimum contextual information is able to be presented, or when law or regulation require the practitioner's expert to be referred to by name. Therefore, additional wording may be needed in such cases to prevent the assurance report implying that the practitioner's responsibility for the conclusion expressed is reduced.

Other Reporting Responsibilities

Assurance Report Prescribed by Law or Regulation (Ref: Para. 193–194)

- A576. In some jurisdictions, the practitioner may have additional responsibilities to report on other matters that are additional to the practitioner’s responsibilities under this ISSA (NZ). For example, the practitioner may be required to provide a conclusion on specific matters, such as compliance of the sustainability information with a digital taxonomy. Assurance standards in the specific jurisdiction often provide guidance on the practitioner’s responsibilities with respect to specific additional reporting responsibilities in that jurisdiction.
- A577. In some cases, the relevant law or regulation may require or permit the practitioner to report on these other responsibilities as part of their assurance report on the sustainability information. In other cases, the practitioner may be required or permitted to report on them in a separate report.
- A578. Paragraphs 193–194 permit combined presentation of other reporting responsibilities and the practitioner’s responsibilities under this ISSA (NZ) only when they address the same elements as those presented under the reporting responsibilities required by this ISSA (NZ) and the wording of the assurance report clearly differentiates the other reporting responsibilities from those under this ISSA (NZ). Such clear differentiation may make it necessary for the assurance report to refer to the source of the other reporting responsibilities and to state that such responsibilities are beyond those required under ISSA (NZ) 5000. Otherwise, other reporting responsibilities are required to be addressed in a separate section in the assurance report with the heading “Report on Other Legal and Regulatory Requirements,” or otherwise as appropriate to the content of the section.

Emphasis of Matter Paragraph and Other Matter Paragraph

The Difference between Inherent Limitations, Emphasis of Matter and Other Matter Paragraphs (Ref: Para. 199)

- A579. When significant inherent limitations are described in the assurance report in accordance with paragraph 190(g), the description of those inherent limitations is different from including an Emphasis of Matter paragraph in the assurance report. Inherent limitations are present in the measurement or evaluation of the sustainability matters, irrespective of whether they have been disclosed by management. However, it may be useful for management to disclose such inherent limitations in greater detail within the sustainability information. In some cases, the inherent measurement or evaluation uncertainties may be fundamental to the users’ understanding of the sustainability information and may be described within the sustainability information.
- A580. An Emphasis of Matter paragraph can only draw attention to a matter which is presented or disclosed by management in the sustainability information. The content of an Emphasis of Matter paragraph includes a clear reference to the matter being emphasised and to where relevant disclosures that fully describe the matter can be found in the sustainability information. It also indicates that the practitioner’s conclusion is not modified in respect of the matter emphasised. An Emphasis of Matter paragraph may be appropriate when, for example:
- (a) Different criteria have been used or the criteria have been revised, updated or interpreted differently than in prior periods and this has had a fundamental effect on the sustainability information.

- (b) A system breakdown for part of the period impacted the operation of controls or recording of matters material to the engagement.

- A581. The content of an Other Matter paragraph reflects clearly that such other matter is not required to be presented and disclosed in the sustainability information. An Other Matter paragraph does not include information that the practitioner is prohibited from providing by law, regulation or professional requirements, for example, ethical standards relating to confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management. An Other Matter paragraph may be appropriate when, for example, the scope of the engagement has changed significantly from the prior period and this has not been stated in the sustainability information.
- A582. A widespread use of Emphasis of Matter or Other Matter paragraphs may diminish the effectiveness of the practitioner's communication of such matters. Emphasis of Matter or Other Matter paragraphs are not a substitute for a modified assurance conclusion.

Criteria Designed for a Specific Purpose (Ref: Para. 200)

- A583. In some cases, the applicable criteria used to measure or evaluate the sustainability matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular applicable criteria designed for regulatory purposes. To avoid misunderstanding, the practitioner alerts readers of the assurance report to this fact and that, therefore, the sustainability information may not be suitable for another purpose.
- A584. In addition to the alert required by paragraph 200, the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not in itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.

Other Information (Ref: Para. 201–202)

- A585. When the practitioner disclaims a conclusion on the sustainability information, the assurance report does not include an "Other Information" section because providing further details about the engagement, including a section to address other information, may overshadow the disclaimer of conclusion on the sustainability information as a whole.
- A586. If the other information includes the financial statements that have been audited by the practitioner or the practitioner's firm, ordinarily this is acknowledged in the Other Information section of the assurance report by expanding the statement required by paragraph 202(c) to indicate that a conclusion is not provided on the other information as part of the engagement on the sustainability information, but the practitioner or the practitioner's firm has audited the financial statements that form part of the other information and provided a separate auditor's opinion thereon that is included with the other information.

*Modified Conclusion (Ref: Para. 203–206)***Impact of Qualified Conclusions Due to Limitation of Scope on the Statement on Other Information (Ref: Para. 203(a))**

A587. When there is a limitation of scope with respect to a material item in the sustainability information, the practitioner will not have obtained sufficient appropriate evidence about that matter. In these circumstances, the practitioner may be unable to conclude whether or not the disclosures in the other information related to this matter result in a material misstatement of the other information. Accordingly, the practitioner may need to modify the statement required by paragraph 202(e)(i) to refer to the practitioner's inability to consider management's description of the matter in the other information in respect of which the assurance conclusion on the sustainability information has been qualified as explained in the Basis for Qualified Conclusion paragraph. The practitioner is nevertheless required to report any other uncorrected material misstatements of the other information that have been identified.

Impact of Modified Conclusions Due to Uncorrected Misstatements on the Statement on Other Information (Ref: Para. 203(b))

A588. A qualified or adverse assurance conclusion on the sustainability information may not have an impact on the statement on other information required by paragraph 202(e) if the matter for which the assurance conclusion has been modified is not included or otherwise addressed in the other information and the matter does not affect any part of the other information. In other circumstances, there may be implications for such reporting as described in paragraphs A589–A590.

A589. When the assurance conclusion is qualified, consideration may be given as to whether the other information is also materially misstated for the same matter as, or a related matter to, the matter giving rise to the qualified conclusion on the sustainability information.

A590. An adverse conclusion on the sustainability information relating to a specific matter(s) described in the Basis for Adverse Conclusion paragraph does not justify the omission of reporting of material misstatements of the other information that the practitioner has identified in the assurance report in accordance with paragraph 202(e)(ii). When an adverse conclusion has been expressed on the sustainability information, the practitioner may need to appropriately modify the statement required by paragraph 202(e)(ii), for example, to indicate that the disclosures in the other information are materially misstated for the same matter as, or a related matter to, the matter giving rise to the adverse conclusion on the sustainability information.

Effects of the Matter Are Pervasive (Ref: Para. 204)

A591. The term 'pervasive' describes the effects on the sustainability information of misstatements or the possible effects on the sustainability information of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the sustainability information are those that, in the practitioner's professional judgement:

- (a) Are not confined to specific aspects of the sustainability information;
- (b) If so confined, represent or could represent a substantial proportion of the sustainability information; or
- (c) In relation to disclosures, are fundamental to the intended users' understanding of the sustainability information.

A592. The nature of the matter, and the practitioner’s judgement about the pervasiveness of the effects or possible effects on the sustainability information, affects the type of conclusion to be expressed.

Examples of Modified Conclusions (Ref: Para. 203)

A593L. Examples of a qualified conclusion for a limited assurance engagement (with a material misstatement)

- Qualified conclusion (compliance framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [sustainability information] is not prepared, in all material respects, in accordance with XYZ criteria.”
- Qualified conclusion (fair presentation framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria.”

A594R. Examples of qualified conclusion for a reasonable assurance engagement (with a material misstatement):

- Qualified conclusion (compliance framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is prepared, in all material respects, in accordance with XYZ criteria.”
- Qualified conclusion (fair presentation framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is fairly presented, in all material respects, in accordance with XYZ criteria.”

A595. Examples of adverse conclusions and a disclaimer of conclusion for both limited and reasonable assurance engagements:

- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a compliance framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] is not prepared in accordance with “XYZ criteria.”
- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a fair presentation framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] does not present fairly the entity’s compliance with XYZ criteria.”
- Disclaimer of conclusion (an example for a material and pervasive limitation of scope) – “Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain

sufficient appropriate evidence to form a conclusion on the [sustainability information]. Accordingly, we do not express a conclusion on that [sustainability information].”

Comparative Information (Ref: Para. 207–211)

- A596. Law or regulation, the criteria or the terms of the engagement, may specify the requirements regarding the presentation, reporting and assurance of the comparative information in the sustainability information.
- A597. If there are inconsistencies between the comparative information and the current-period sustainability information, the practitioner may consider the reasons for those differences to evaluate whether those inconsistencies are addressed in accordance with the criteria. When sustainability information includes comparisons of period-on-period information, such as references to percentage reductions or increases in measures or key performance indicators, it is important that the practitioner consider the appropriateness of the comparisons. These may be inappropriate due to:
- (a) Significant changes in operations from the prior period;
 - (b) Significant changes in conversion factors;
 - (c) Significant changes in assumptions, or
 - (d) Inconsistency of sources or methods of measurement or evaluation.
- A598. Information reported in a prior period may need to be restated in accordance with law or regulation or the applicable criteria because of, for example, improved scientific knowledge, significant structural changes in the entity, the availability of more accurate quantification methods, or the discovery of a significant error.
- A599. When comparative information is presented with the current sustainability information, but some or all of that comparative information is not referred to in the practitioner’s conclusion, it is important that the status of such information is clearly identified in both the sustainability information and the assurance report in accordance with paragraphs 209 and 210.
- A600. The identification of information required under paragraphs 209 and 210 to be included in an “Other Matter” paragraph with respect to an assurance engagement conducted on the comparative information in the prior period, may be complex and lengthy. In these circumstances, it may be appropriate to include this information by way of reference if it is included in the sustainability information, or as an attachment to the assurance report.
- A601. If the engagement does not include assurance on comparative information, the requirement to perform procedures in the circumstances addressed by paragraph 211 is to satisfy the practitioner’s ethical obligation to not knowingly be associated with materially false or misleading information.

Documentation

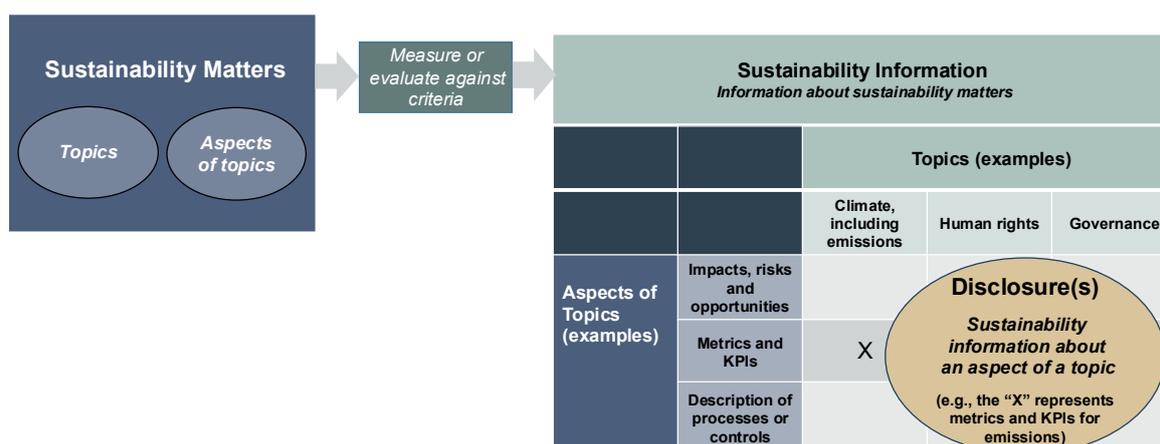
Matters Arising After the Date of the Practitioner’s Report (Ref: Para. 212)

- A602. Examples of exceptional circumstances include facts that become known to the practitioner after the date of the assurance report but which existed at that date and which, if known at that date, might have caused the sustainability information to be amended or the practitioner to modify the conclusion in the assurance report, for example, the discovery of a significant uncorrected error. The resulting changes to the engagement

documentation are reviewed in accordance with the firm's policies or procedures with respect to the nature, timing and extent of the review of engagement team members' work as required by Professional and Ethical Standard 3, with the engagement leader taking final responsibility for the changes

Sustainability Matters and Sustainability Information

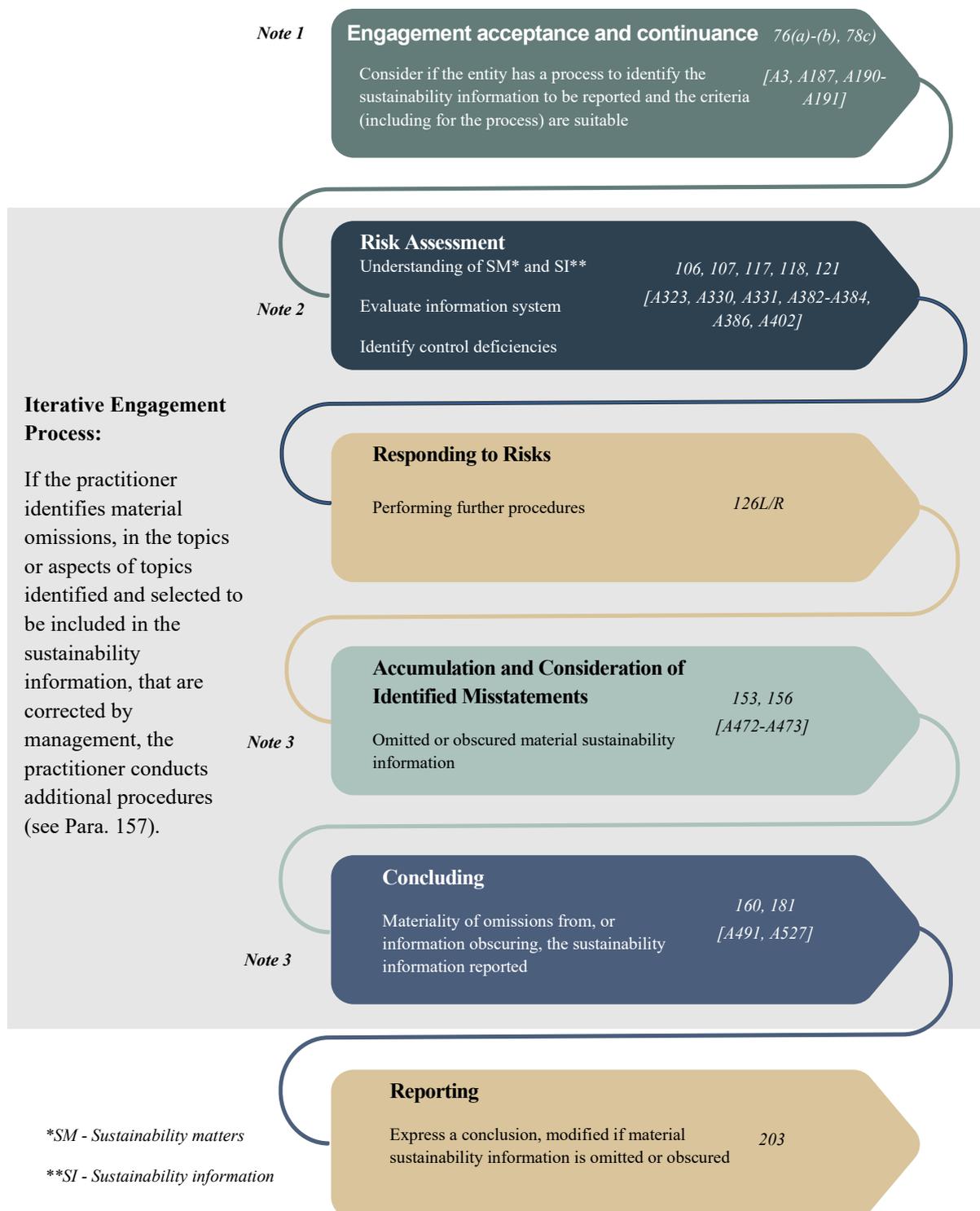
1. This appendix explains the relationship between sustainability matters (i.e., the underlying subject matter); sustainability information (i.e., the subject matter information), which results from measuring or evaluating the sustainability matters against the criteria; and the related disclosures.
2. This relationship can be illustrated as follows:



3. Paragraph 75 requires the practitioner to obtain a preliminary knowledge of the sustainability information to be reported by the entity. As a part of establishing whether the preconditions for an assurance engagement are present, paragraph 76(a) requires the practitioner to consider whether the entity has a process to identify sustainability information to be reported.
4. As explained in paragraph 3, sustainability information is reported in accordance with the criteria. The topics and aspects of topics of sustainability matters are considered by management in determining the sustainability information to be reported, and are manifested in the related disclosures. A disclosure represents sustainability information reported by the entity about an aspect of a topic. A more comprehensive list of examples of topics and aspects of topics is provided in paragraph A43.
5. Disclosures can be in various forms (e.g., narrative descriptions or other qualitative information, tables with key performance indicators or other quantitative information, or a combination thereof) and may be limited to a single paragraph or table or may span multiple pages in a separate sustainability report, part of the entity’s annual report or some other reporting mechanism. How the entity presents the disclosures (i.e., how the entity aggregates or disaggregates the sustainability information for purposes of presentation) is determined by the criteria. Whether and how the practitioner may further group the disclosures for purposes of planning and performing the engagement is a matter of professional judgement, as explained in paragraph A287.

The Practitioner’s Consideration of the Entity’s Process to Identify Sustainability Information to be Reported

- This appendix sets out the requirements and application material relevant to the practitioner’s conduct of an engagement, in the circumstances when the entity has a process to identify sustainability information to be reported, as described in paragraph 4.



Notes to the flowchart:

1. The practitioner is required to consider whether the entity has a process to identify the sustainability information to be reported (paragraph 76(a)). The practitioner is also required to evaluate the suitability of the criteria for the sustainability information, which would include understanding whether the entity is required to have such a process and whether the criteria in respect of that process exhibit the suitability characteristics in paragraph 78(c), in particular the relevance and completeness of the criteria.
2. As part of the practitioner's understanding of the entity's information system and controls, the practitioner obtains an understanding of the entity's process, and based on that understanding, and in the context of the reporting framework, the practitioner evaluates whether it appropriately supports the preparation of the sustainability information (paragraphs 117 and 118). The practitioner's understanding of the entity's process, along with other risk assessment procedures, may highlight where there are risks of material misstatement, including in relation to the completeness of the sustainability information to be reported.
3. Misstatements accumulated include any misstatements arising from material omissions in, or obscuring of, the sustainability information to be reported.

Requirements and application material for reference

Requirement [Application Material] Paragraph Number	Relevant extract of the requirement wording The practitioner shall...
76 (a) [A3, A187]	Consider whether the entity has a process to identify the sustainability information to be reported.
76 (b) [A190–A191]	Evaluate whether management, or those charged with governance, when appropriate, have a reasonable basis for the sustainability information.
78	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:... (c) Evaluate whether the criteria exhibit the following characteristics: (i) Relevance; (ii) Completeness...
106 [A323]	Obtain an understanding of the sustainability matters and the sustainability information, including the characteristics of events or conditions that could give rise to material misstatement of the disclosures.
107 [A330–A331]	Determine whether the applicable criteria are suitable for the engagement circumstances, including that they exhibit the characteristics in paragraph 78.

Requirement [Application Material] Paragraph Number	Relevant extract of the requirement wording The practitioner shall...
117 [A382–A384]	Obtain an understanding of the entity’s information system and communication relevant to the sustainability matters and the preparation of the sustainability information, including: (a) The entity’s process to identify sustainability information to be reported....
118 [A386]	Evaluate whether the entity’s information system appropriately supports the preparation of the sustainability information in accordance with the applicable criteria.
121 [A402]	Based on the practitioner’s understanding of the components of the entity’s system of internal control, the practitioner shall consider whether one or more control deficiencies have been identified.
126L/R	Design and perform further procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement, whether due to fraud or error, at the disclosure level/ assertion level for the disclosures.
153 [A472–A473]	Accumulate misstatements identified during the engagement, other than those that are clearly trivial.
156	Communicate to management, on a timely basis, all misstatements accumulated during the assurance engagement, and shall request management to correct those misstatements.
160 [A491]	Determine whether uncorrected misstatements are material, individually or in the aggregate. In making this determination, the practitioner shall consider the size and nature of the misstatements, and the particular circumstances of their occurrence.
181 [A527]	Form a conclusion about whether the sustainability information is free from material misstatement, whether due to fraud or error...
203	Express a modified conclusion ... when, in the practitioner’s professional judgement, a scope limitation exists, and the effect of the matter could be material ... (or) ... the sustainability information is materially misstated.

Illustrations of Assurance Reports on Sustainability Information

- Illustration 1: Unmodified Reasonable Assurance Report on Sustainability Information of an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Fair Presentation Criteria
- Illustration 2: Unmodified Limited Assurance Report on Sustainability Information of an Entity Other than an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria
- Illustration 3: Unmodified Combined Reasonable and Limited Assurance Report on Sustainability Information for an Entity Other than a FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria
- Illustration 4: Modified Limited Assurance Report on Sustainability Information of an Entity Other than an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria

Illustration 1 – Unmodified Reasonable Assurance Report on Sustainability Information of an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Fair Presentation Criteria

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A reasonable assurance engagement relating to the entirety of the Sustainability Report of ABC Company (the Company), an FMC reporting entity considered to have a higher level of public accountability, for the year ended December 31, 20X1 (the Sustainability Information).
- The Sustainability Information is prepared by management of the Company in accordance with fair presentation criteria (Sustainability Reporting Framework Version x.1).
- The Sustainability Information includes comparative information that is not referred to in the practitioner’s conclusion. The comparative information was subject to a reasonable assurance engagement by the same practitioner in the prior period and the practitioner’s conclusion was unmodified.
- Management of the Company is the engaging party.
- Those charged with governance are responsible for oversight of the Company’s sustainability reporting process.
- The terms of the assurance engagement reflect the description of management’s responsibility for the Sustainability Information in ISSA (NZ) 5000.
- The practitioner has concluded that an unmodified (i.e., “clean”) opinion is appropriate based on the evidence obtained.
- The relevant ethical requirements that apply to the assurance engagement comprise Professional and Ethical Standard 1 together with other ethical requirements relating to assurance engagements in New Zealand, and the assurance report refers to both. Professional and Ethical Standard 1 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. They also require the practitioner to publicly disclose that the independence requirements applicable to sustainability assurance

engagements of public interest entities were applied.

- The firm of which the practitioner is a member applies Professional and Ethical Standard 3.
- The Sustainability Information and the practitioner’s report thereon have been included in the Company’s Annual Report. The practitioner has obtained the Annual Report prior to the date of the assurance report and has not identified a material misstatement of the other information in the Annual Report.
- In addition to the reasonable assurance engagement on the Sustainability Information, the practitioner has other reporting responsibilities required under local law.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER’S REASONABLE ASSURANCE REPORT ON ABC’S SUSTAINABILITY INFORMATION

To the Management of ABC Company [or Other Appropriate Addressee]

Reasonable Assurance Report on the Sustainability Information⁹

Reasonable Assurance Opinion

We have conducted a reasonable assurance engagement on the Sustainability Report of ABC Company (the “Company”) for the year ended December 31, 20X1 (the “Sustainability Information”).

In our opinion, the accompanying Sustainability Information is fairly presented, in all material respects, in accordance with the Sustainability Reporting Framework Version x.1.

Basis for Opinion

We conducted our reasonable assurance engagement in accordance with International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements* (ISSA (NZ) 5000), issued by the New Zealand Auditing and Assurance Standards Board.

Our responsibilities under this standard are further described in the *Practitioner’s Responsibilities* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, as applicable to sustainability assurance engagements of public interest entities, together with the ethical requirements that are relevant to assurance engagements of public interest entities in [title/identification of requirements, name of appropriate authority in New Zealand]. We have also fulfilled our other ethical responsibilities in accordance with these requirements and Professional and Ethical Standard 1.

Our firm applies Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including

⁹ The sub-title “Reasonable Assurance Report on the Sustainability Information” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than in our capacity as practitioner we have no relationship with, or interests in, the Company. [or Our firm carried out other assignments for the Company in the area of [...]. In addition to this, principals and employees of our firm deal with the Company on normal terms within the ordinary course of the activities of the Company. The firm has no other relationship with, or interests in, the Company.]

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter¹⁰

We draw attention to [identify the specific disclosure in the Sustainability Information], which describes [...]. Our opinion is not modified in respect of this matter.

Other Information¹¹

Management of the Company is responsible for the other information. The other information comprises the [information included in the Company's Annual report],¹² but does not include the Sustainability Information and our assurance report thereon.

Our opinion on the Sustainability Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Sustainability Information

Management of the Company is responsible for¹³:

- The preparation and fair presentation of the Sustainability Information in accordance with the Sustainability Reporting Framework Version x.1.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Information, in accordance with the Sustainability Reporting Framework Version x.1, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent Limitations in Preparing the Sustainability Information¹⁴

¹⁰ Include if the practitioner considers it necessary in the engagement circumstances – see paragraph 199.

¹¹ Another appropriate heading may be used, such as “Information Other than the Sustainability Information and Reasonable Assurance Report Thereon.”

¹² A more specific description of the other information, such as “the financial statements and notes thereto and chairman's statement,” may be used to identify the other information.

¹³ The term management may need to be replaced by another term that is appropriate in the context of the legal framework for the entity.

¹⁴ Include paragraph if relevant to the engagement circumstances – see paragraph 190(g).

As discussed in *[identify the specific disclosure in the Sustainability Information]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain reasonable assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Information.

As part of a reasonable assurance engagement in accordance with ISSA (NZ) 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹⁵
- Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the assurance report will vary depending on the nature of the practitioner's other reporting responsibilities. The matters addressed by other law, regulation or national standards (referred to as "other reporting responsibilities") are addressed within this section unless the other reporting responsibilities address the same report elements as those presented in accordance with the reporting responsibilities required by ISSA (NZ) 5000 as part of the Reasonable Assurance Report on the Sustainability Information section. The reporting of other reporting responsibilities that address the same report elements as those required by this ISSA (NZ) may be combined (i.e., included in the Reasonable Assurance Report on the Sustainability Information section under the appropriate subheadings) provided that the wording in the assurance report clearly differentiates the other reporting responsibilities from the reporting that is required by ISSA (NZ) 5000, when such a difference exists.]

The engagement leader on the assurance engagement resulting in this independent practitioner's assurance report is *[name]*.

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate for the particular jurisdiction]

[Practitioner's address]

[Date of the assurance report]

¹⁵ Remove the words "but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control" if the reasonable assurance engagement includes an opinion on the effectiveness of internal control.

Illustration 2 – Unmodified Limited Assurance Report on Sustainability Information of an Entity Other than an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A limited assurance engagement relating to the entirety of the Sustainability Report of ABC Company (the Company), an entity other than an FMC reporting entity considered to have a higher level of public accountability, for the year ended December 31, 20X1, as required by law or regulation (the Sustainability Information).
- The Sustainability Information is presented in a stand-alone document (i.e., the entity’s Sustainability Report).
- The Sustainability Information is prepared by management of the Company in accordance with compliance criteria (XYZ Law of Jurisdiction X).
- The Sustainability Information includes comparative information that is not referred to in the practitioner’s conclusion. The comparative information was subject to a limited assurance engagement by the same practitioner in the prior period and the practitioner’s conclusion was unmodified.
- Management of the Company is the engaging party.
- The terms of the assurance engagement reflect the description of management’s responsibility for the Sustainability Information in ISSA (NZ) 5000.
- The practitioner has concluded that an unmodified (i.e., “clean”) conclusion is appropriate based on the evidence obtained.
- The relevant ethical requirements that apply to the assurance engagement comprise Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, together with the ethical requirements relating to assurance engagements in New Zealand, and the assurance report refers to both.
- The firm of which the practitioner is a member applies Professional and Ethical Standard 3.
- There is no other information because the Sustainability Information is presented in a stand-alone document.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER’S LIMITED ASSURANCE REPORT ON ABC’S SUSTAINABILITY INFORMATION

To the Management of ABC Company [or Other Appropriate Addressee]

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Report of ABC Company (the “Company”) for the year ended December 31, 20X1 (the “Sustainability Information”).

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Information is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements (ISSA (NZ) 5000)*, issued by the New Zealand Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Information in [*title/identification of requirements, name of appropriate authority in New Zealand*], and we have fulfilled our other ethical responsibilities in accordance with these requirements and Professional and Ethical Standard 1.

Our firm applies Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than in our capacity as practitioner we have no relationship with, or interests in, the Company.

[or Our firm carried out other assignments for the Company in the area of [...]. In addition to this, principals and employees of our firm deal with the Company on normal terms within the ordinary course of the activities of the Company. The firm has no other relationship with, or interests in, the Company.]

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter¹⁶

We draw attention to [identify the specific disclosure in the Sustainability Information], which describes [...]. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Information

Management of the Company is responsible for¹⁷:

- The preparation of the Sustainability Information in accordance with XYZ Law of Jurisdiction X.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Information, in accordance with XYZ Law of Jurisdiction X that is free from material misstatement, whether due to fraud or error.

¹⁶ Include if the practitioner considers it necessary in the engagement circumstances – see paragraph 199.

¹⁷ The term management may need to be replaced by another term that is appropriate in the context of the legal framework for the entity.

Inherent Limitations in Preparing the Sustainability Information¹⁸

As discussed in *[identify the specific disclosure in the Sustainability Information]*, *[provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria]*.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Information.

As part of a limited assurance engagement in accordance with ISSA (NZ) 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.¹⁹
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosures level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error.

In conducting our limited assurance engagement, we:

*[Insert a summary of the nature and extent of procedures performed that, in the practitioner's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the practitioner's conclusion and the level of assurance obtained.]*²⁰

- [...]

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate for the particular jurisdiction]

[Practitioner's address]

[Date of the limited assurance report]

¹⁸ Include paragraph if relevant to the engagement circumstances – see paragraph 190(g).

¹⁹ Remove “but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control ” if the limited assurance engagement includes a conclusion on the effectiveness of internal control.

²⁰ The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the assurance practitioner with management and in most cases will not detail the entire work plan.

Illustration 3 – Unmodified Combined Reasonable and Limited Assurance Report on Sustainability Information for an Entity Other than an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria, comprising:

- a) Reasonable Assurance Opinion on the selected disclosures, [identified by ...],²¹ from the Sustainability Report (“Information RA”)**
- b) Limited Assurance Conclusion on the selected disclosures, [identified by ...],²² from the Sustainability Report (“Information LA”)**

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A reasonable assurance engagement relating to Information RA and a limited assurance engagement relating to Information LA of the Sustainability Report of ABC Company (the Company), an entity other than an FMC reporting entity considered to have a higher level of public accountability, for the year ended December 31, 20X1, as required by law or regulation (the Sustainability Report).
- The Sustainability Report represents the sustainability information reported by the Company and Information RA and Information LA represent the sustainability information subject to the assurance engagement.
- The Sustainability Report is prepared by management of the Company in accordance with compliance criteria (XYZ Law of Jurisdiction X).
- The Sustainability Report includes comparative information that is not referred to in the practitioner’s conclusion. With respect to the comparative information: comparative Information RA was subject to a reasonable assurance engagement, and comparative Information LA was subject to a limited assurance engagement, in the prior period, and the practitioner’s respective conclusions were unmodified.
- Management of the Company is the engaging party.
- The terms of the assurance engagement accurately reflect the description of management’s responsibility for the Sustainability Information in ISSA (NZ) 5000.
- The assurance practitioner has concluded that, based on the evidence obtained, an unmodified (i.e., “clean”) reasonable assurance opinion and limited assurance conclusion are appropriate with respect to Information RA and Information LA, respectively.
- The relevant ethical requirements that apply to the assurance engagement comprise Professional and Ethical Standard 1 together with other ethical requirements relating to assurance engagements in New Zealand, and the assurance report refers to both.
- The firm of which the practitioner is a member applies Professional and Ethical Standard 3.
- Information LA and Information RA, and the practitioner’s report thereon, have been included in the Company’s Annual Report. The practitioner has obtained the Annual Report

²¹ Provide a specific identification and location of the information that is subject to a reasonable assurance opinion, which should be distinct from the information subject to a limited assurance conclusion (e.g. by tagging the specific disclosures in the Sustainability Information, Title of Section of the Sustainability Information, an Appendix to Assurance Report, etc.).

²² Provide a specific identification and location of the information that is subject to a limited assurance conclusion, which should be distinct from the information subject to a reasonable assurance conclusion (e.g. by tagging the specific disclosures in the Sustainability Information, Title of Section of the Sustainability Information, an Appendix to Assurance Report, etc.).

prior to the date of the assurance report and has not identified a material misstatement of the other information in the Annual Report.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER'S REASONABLE AND LIMITED ASSURANCE REPORT ON ABC'S SUSTAINABILITY INFORMATION

To the Management of ABC Company [or Other Appropriate Addressee]

Reasonable Assurance Opinion

We have conducted a reasonable assurance engagement on the selected disclosures, [identified by ...],²³ of the Sustainability Report of ABC Company (the "Company") for the year ended December 31, 20X1 ("Information RA").

In our opinion, the Information RA of the accompanying Sustainability Report is prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the selected disclosures, [identified by ...],²⁴ included in the Sustainability Report of the Company for the year ended December 31, 20X1 ("Information LA").

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Information LA of the accompanying Sustainability Report is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Basis for Reasonable Assurance Opinion and Limited Assurance Conclusion

We conducted our engagement in accordance with International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements* (ISSA (NZ) 5000), issued by the New Zealand Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

We are independent of the Company in accordance with the Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board,

²³ Provide a specific identification and location of the information that is subject to a reasonable assurance opinion, which should be distinct from the information subject to a limited assurance conclusion (e.g. by tagging the specific disclosures in the Sustainability Information, Title of Section of the Sustainability Information, an Appendix to Assurance Report, etc.).

²⁴ Provide a specific identification and location of the information that is subject to a limited assurance conclusion, which should be distinct from the information subject to a reasonable assurance conclusion (e.g. by tagging the specific disclosures in the Sustainability Information, Title of Section of the Sustainability Information, an Appendix to Assurance Report, etc.).

together with the ethical requirements that are relevant to our assurance engagement of the Information RA and Information LA in [title/identification of requirements, name of appropriate authority in New Zealand], and we have fulfilled our other responsibilities in accordance with these requirements and the Professional and Ethical Standard 1.

Our firm applies Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than in our capacity as practitioner we have no relationship with, or interests in, the Company.

[or Our firm carried out other assignments for the Company in the area of [...]. In addition to this, principals and employees of our firm deal with the Company on normal terms within the ordinary course of the activities of the Company. The firm has no other relationship with, or interests in, the Company.]

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion and limited assurance conclusion.

Emphasis of Matter²⁵

We draw attention to [identify the specific disclosure in the Sustainability Report] from the Information LA of the Sustainability Report, which describes [...]. Our limited assurance conclusion is not modified in respect of this matter.

Other Information²⁶

Management of the Company is responsible for the other information. The other information comprises the [information included in the Company's Annual Report],²⁷ but does not include the Information RA and Information LA subject to this engagement and our assurance report thereon.

Our reasonable assurance opinion and limited assurance conclusion on Information RA and Information LA, respectively, do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited and reasonable assurance engagements on the Information RA and Information LA, respectively, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Information RA and Information LA, respectively, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

²⁵ Include if the practitioner considers it necessary in the engagement circumstances – see paragraph 199.

²⁶ Another appropriate heading may be used, such as “Information Other than the Sustainability Information and Reasonable and Limited Assurance Report Thereon”.

²⁷ A more specific description of the other information, such as “the financial statements and notes thereto and chairman’s statement,” may be used to identify the other information.

Responsibilities for the Sustainability Information

Management of the Company is responsible for²⁸:

- The preparation of the Information RA and Information LA in accordance with XYZ Law of Jurisdiction X.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Information RA and Information LA, in accordance with XYZ Law of Jurisdiction X, that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in Preparing the Sustainability Information²⁹

As discussed in [*identify the specific disclosure in the Sustainability Report*], [*provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria*].

Practitioner's Responsibilities

Our objectives are to:

- (a) Plan and perform the assurance engagement to obtain reasonable assurance about whether the Information RA is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our opinion.
- (b) Plan and perform the assurance engagement to obtain limited assurance about whether the Information LA is free from material misstatement, whether due to fraud or error and to issue an assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Information RA and Information LA.

As part of both limited and reasonable assurance engagements in accordance with ISSA (NZ) 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- (a) For a reasonable assurance engagement:
 - Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.³⁰
 - Design and perform procedures responsive to the assessed risks of material misstatement at the assertions level for the disclosures in the Information RA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) For a limited assurance engagement:

²⁸ The term management may need to be replaced by another term that is appropriate in the context of the legal framework for the entity.

²⁹ Include paragraph if relevant to the engagement circumstances – see paragraph 190(g).

³⁰ Remove “but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control” if the reasonable assurance engagement includes an opinion on the effectiveness of internal control.

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity’s internal control.³¹
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosures level in the Information LA. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed for Limited Assurance Conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Information LA. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error, in the Information LA.

In conducting our limited assurance engagement, we:

*[Insert a summary of the nature and extent of procedures performed that, in the practitioner’s judgement, provides additional information that may be relevant to the users’ understanding of the work performed to support the practitioner’s conclusion and the level of assurance obtained.]*³²

- [...]

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate for the particular jurisdiction]

[Practitioner’s address]

[Date of the assurance report]

³¹ Remove “but not for the purpose of providing a conclusion on the effectiveness of the entity’s internal control” if the limited assurance engagement includes a conclusion on the effectiveness of internal control.

³² The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the assurance practitioner with management, and in most cases will not detail the entire work plan.

Illustration 4 – Modified Limited Assurance Report on Sustainability Information of an Entity Other than an FMC reporting entity considered to have a higher level of public accountability Prepared in Accordance with Compliance Criteria

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A limited assurance engagement relating to the entirety of the Sustainability Report of ABC Company (the Company), an entity other than an FMC reporting entity considered to have a higher level of public accountability, for the year ended December 31, 20X1, as required by law or regulation (the Sustainability Information).
- The Sustainability Information is presented in a stand-alone document (i.e., the entity’s Sustainability Report).
- The Sustainability Information is prepared by management of the Company in accordance with compliance criteria (XYZ Law of Jurisdiction X).
- The Sustainability Information includes comparative information that is not referred to in the practitioner’s conclusion. The comparative information was subject to a limited assurance engagement by the same practitioner in the prior period and the practitioner’s conclusion was unmodified.
- Management of the Company is the engaging party.
- The terms of the assurance engagement reflect the description of management’s responsibility for the Sustainability Information in ISSA (NZ) 5000.
- The assurance practitioner has concluded that a modified conclusion is appropriate due to a limitation of scope arising from an inability to obtain sufficient appropriate evidence regarding an identified matter that the practitioner has determined is material but not pervasive.
- The relevant ethical requirements that apply to the assurance engagement comprise Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, together with the ethical requirements relating to assurance engagements in New Zealand, and the assurance report refers to both.
- The firm of which the practitioner is a member applies Professional and Ethical Standard 3.
- There is no other information because the Company's Sustainability Information is presented in a stand-alone document.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

INDEPENDENT PRACTITIONER’S LIMITED ASSURANCE REPORT ON ABC’S SUSTAINABILITY INFORMATION

To the Management of ABC Company [or Other Appropriate Addressee]

Qualified Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Report of ABC Company (the “Company”) for the year ended December 31, 20X1 (the “Sustainability Information”).

Based on the procedures we have performed and the evidence we have obtained, except for the possible effect of the matter described in the Basis for Qualified Conclusion section of our report,

nothing has come to our attention that causes us to believe that the accompanying Sustainability Information is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Basis for Qualified Conclusion

The Company has disclosed [...].³³ We were unable to obtain sufficient appropriate evidence about [...] as at December 31, 20X1 because [...].³⁴ Consequently, we were unable to determine whether any adjustments to [...] were necessary.

We conducted our limited assurance engagement in accordance with International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements* (ISSA (NZ) 5000), issued by the New Zealand Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

We are independent of the Company in accordance with the Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Information in [*title/identification of requirements, name of appropriate authority in New Zealand*], and we have fulfilled our other ethical responsibilities in accordance with these requirements and Professional and Ethical Standard 1.

Our firm applies Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than in our capacity as practitioner we have no relationship with, or interests in, the Company. [or Our firm carried out other assignments for the Company in the area of [...]. In addition to this, principals and employees of our firm deal with the Company on normal terms within the ordinary course of the activities of the Company. The firm has no other relationship with, or interests in, the Company.]

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Emphasis of Matter³⁵

We draw attention to [identify the specific disclosure in the Sustainability Information], which describes [...]. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Information

³³ Insert a description of the relevant disclosure.

³⁴ Provide a description of the matter giving rise to, and the reasons for, the qualified conclusion.

³⁵ Include if the practitioner considers it necessary in the engagement circumstances – see paragraph 199.

Management of the Company is responsible for³⁶:

- The preparation of the Sustainability Information in accordance with XYZ Law of Jurisdiction X.
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Information, in accordance with XYZ Law of Jurisdiction X, that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in Preparing the Sustainability Information³⁷

As discussed in [identify the specific disclosure in the Sustainability Information], [provide a specific description of any significant inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria].

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Information.

As part of a limited assurance engagement in accordance with ISSA (NZ) 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.³⁸
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosures level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosures level, whether due to fraud or error.

³⁶ The term management may need to be replaced by another term that is appropriate in the context of the legal framework for the entity.

³⁷ Include paragraph if relevant to the engagement circumstances – see paragraph 190(g).

³⁸ Remove “but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control” if the limited assurance engagement includes a conclusion on the effectiveness of internal control.

In conducting our limited assurance engagement, we:

*[Insert a summary of the nature and extent of procedures performed that, in the practitioner's judgement, provides additional information that may be relevant to the users' understanding of the work performed to support the practitioner's conclusion and the level of assurance obtained.]*³⁹

- [...]

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate for the particular jurisdiction]

[Practitioner's address]

[Date of the limited assurance report]

³⁹ The procedures are to be summarised but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that those procedures were agreed upon by the assurance practitioner with management, and in most cases will not detail the entire work plan.

Schedule 1
Transitional, savings, and related provisions

Part 1 Provisions relating to this standard as made

There are no transitional, savings, or related provisions in this standard as made.

Issued at Wellington on 9 March 2026

Graeme Pinfold

Chair

New Zealand Auditing and Assurance Standards Board acting under delegated authority of the
External Reporting Board

EXPLANATORY NOTE AND OTHER INFORMATION

This note and other information are not part of the standard

Explanatory note

This standard is the International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements*.

This standard is the New Zealand equivalent of International Standard on Sustainability Assurance (ISSA 5000), *General Requirements for Sustainability Assurance Engagements* issued by the International Auditing and Assurance Standards Board.

This standard was issued by the New Zealand Auditing and Assurance Standards Board acting under delegated authority of the External Reporting Board.

This standard revokes on the date that this standard takes effect:

- New Zealand Standard on Assurance Engagements 1, *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued in August 2023; and
- International Standard on Assurance Engagements (New Zealand) 3410, *Assurance Engagements on Greenhouse Gas Statements* issued in October 2012.

However, those standards continue to apply in relation to accounting periods that begin before 15 December 2026 for those assurance practitioners that are not early adopters, as if those standards had not been revoked. (see Legislation Act 2019).

This standard sets out the requirements for sustainability assurance engagements. It deals with the assurance practitioner's responsibilities when conducting an assurance engagement required by the Financial Markets Conduct Act 2013 (the Act) to be the subject of an assurance engagement.

Conformity with International Standards on Sustainability Assurance

This Standard conforms to International Standard on Sustainability Assurance (ISSA 5000), *General Requirements for Sustainability Assurance Engagements*, issued by the International Auditing and Assurance Standards Board.

Paragraphs that have been amended or added to this ISSA (NZ) (and do not appear in the text of the equivalent ISSA) are identified with the prefix "NZ".

The following requirements are additional to this standard:

- In New Zealand, those charged with governance generally have responsibility for ensuring an entity meets its legal obligations in relation to the preparation of the sustainability information that is subject to mandatory assurance. In these cases the process of reporting is usually delegated to management, but the responsibility for such matters remains with those charged with governance. In applying this ISSA (NZ) the practitioner shall apply professional judgement, using knowledge of the legal requirements and corporate governance practices of New Zealand as well as the particular engagement circumstances, to determine whether the requirements of this ISSA (NZ) apply to management or those charged with governance or both. (Ref: Para NZ7.1)
- A statement as to the existence of any relationship (other than undertaking the sustainability assurance engagement) which the practitioner has with, or any interests which the practitioner has in, the entity or any of its subsidiaries. (Ref: Para 190 (d) NZ(v).1.

This ISSA (NZ) incorporates terminology and definitions used in New Zealand.

References to publicly traded entities have been broadened to refer to FMC reporting entities considered to have a higher level of public accountability in New Zealand.

Compliance with this ISSA (NZ) enables compliance with ISSA 5000.

Comparison with Australian Auditing Standards

In Australia the Australian Auditing and Assurance Standards Board (AUASB) has issued Australian Standard on Sustainability Assurance ASSA 5000, *General Requirements for Sustainability Assurance Engagements*.

ASSA 5000 conforms to ISSA 5000.

The following requirements are additional to ISSA 5000 and ISSA (NZ) 5000:

- Prohibition of the use of internal auditors to provide direct assistance in a sustainability assurance engagement. (Ref: Para. Aus 42.1 and Aus 42.2)

The equivalent requirements and related application and other explanatory material included in ISSA 5000 in respect of “relevant ethical requirements” or IESBA Code, have been replaced with references to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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History of Amendments

Table of instruments – ISSA (NZ) 5000

This table lists the instruments amending this standard.

Instrument	Date made	Application date

Minimum Legislative Information

This Standard is secondary legislation published under the Legislation Act 2019.

Title	International Standard on Sustainability Assurance (New Zealand) 5000, <i>General Requirements for Sustainability Assurance Engagements</i>
Principal or amendment	Principal
Consolidated version	No
Empowering Act and provisions	Section 12(b) of the Financial Reporting Act 2013
Replacement empowering Act and provision	
Maker name	New Zealand Auditing and Assurance Standards Board acting under delegated authority of the External Reporting Board
Administering agency	External Reporting Board
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