



CEAOB
Attn Ms Marjolein Doblado
Chair of the Subgroup on International Auditing Standards

Cc Panos Prodromides, CEOB Chairman

22 July 2024

Dear Ms Doblado,

ECG response to CEOB consultation - draft non-binding guidelines on limited assurance on sustainability reporting

The European Contact Group (ECG) welcomes the opportunity to provide feedback on the CEOB draft non-binding guidelines on limited assurance on sustainability reporting. Please find our detailed responses to the questions posed by the CEOB below.

Is there any content, in the draft CEOB guidelines on limited assurance on sustainability reporting, that you would assess as not useful or relevant from a public interest perspective?

ECG broadly supports the CEOB's draft high level guidelines, aimed at avoiding fragmentation and encouraging consistent practices until a limited assurance standard based on the future ISSA 5000 is adopted at an EU level, subject to our replies below.

From a public interest perspective, we think the following content is not useful and will potentially create confusion for users:

(1) wording that is too close to reasonable assurance wording (e.g. §9 refers to "substantive procedures" and to sampling which are both not required in a limited assurance engagement (under ISAE 3000 and ED ISSA 5000) and Section II on Taxonomy disclosures;

(2) references to key assurance matters (§17(5)) as this concept does not exist in international assurance standards and may mislead users into thinking procedures for an audit/reasonable assurance have been carried out and

(3) appendix 3 on joint performance of an engagement is too specifically geared towards one or two countries that have joint performance regimes and is therefore better suited to relevant Member State guidance and unnecessary in CEOB guidelines.

Are there any areas or topics not covered in the draft CEAOB guidelines that would need to be addressed in the guidelines or developed in the future European standard on limited assurance?

We think that the following point in the draft guidelines should be developed further for clarity and consistency:

In §6, we suggest separating fraud and non-compliance into two separate guidelines, to avoid confusing users. A specific sentence should be added stating that 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 remaining alert to the risk of non-compliance with law and regulations (see ED ISSA 5000, §61).

Are there any other suggestions that you would like to share with the CEAOB, before adoption of the final CEAOB guidelines on limited assurance on sustainability reporting?

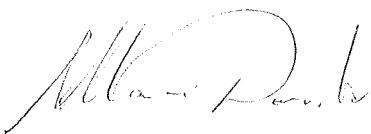
Other suggestions that we would like to share:

(1) §10: Targets are mentioned as an example of forward-looking information. In our view, a target is different from an expectation (prognosis). Also, the wording regarding assumptions should be aligned with the wording used for estimates in §11("Practitioners are not required to perform detailed procedures on the assumptions"). Furthermore, we suggest that developments on forward looking information could build on paragraphs 374 to 376 of IAASB EER guidance.

(2) §20: We suggest that objectivity be requested from experts but not "independence" which implies a specific set of strict requirements. In international standards, objectivity is requested for experts, not independence.

We would be happy to provide further input and support if this would be useful.

Yours sincerely,



Maurizio Donvito
ECG Chairman
The ECG is registered in the EU Transparency Register