

2022 Sustainability Guide Update - Overview

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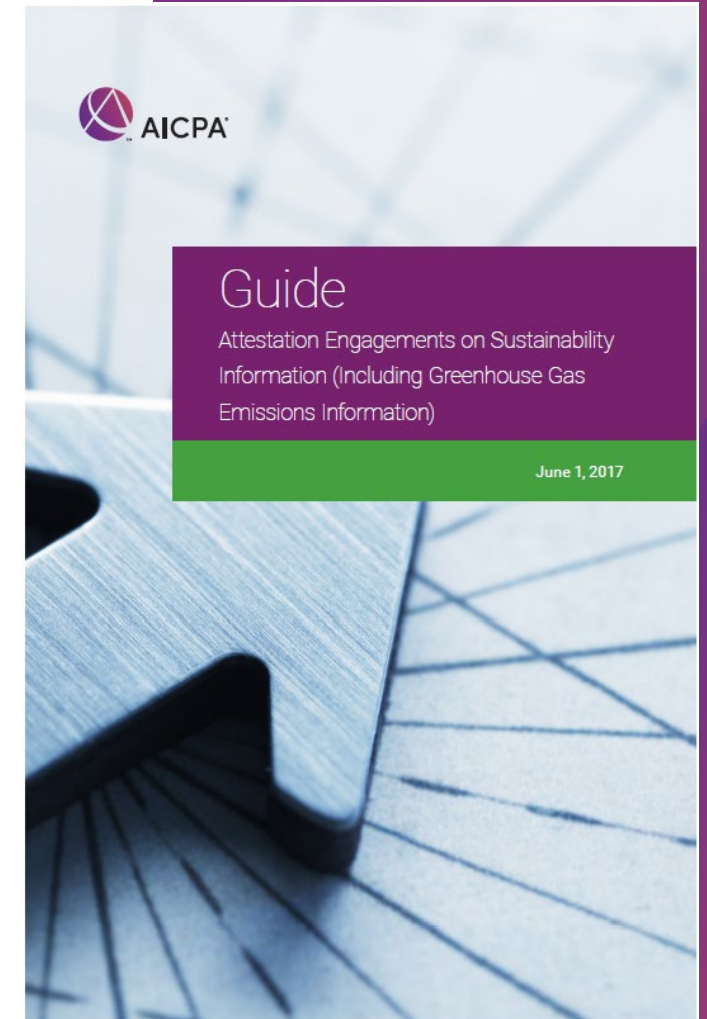
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Conforming Changes

- Attestation standards issued since last publication
 - SSAE No. 19, *Agreed-upon procedures*: This guide does not address agreed-upon procedures engagements over sustainability information.
 - SSAE No. 20, *Amendments to the description of the concept of materiality*
 - SSAE No. 21, *Direct examination engagements*: The examination discussed in this guide is an assertion-based examination. This guide does not address direct examinations over sustainability information.
 - SSAE No. 22, *Review engagements*
- Project to address “should” statements not tied to attestation standards



Enhancive Changes

- Updates to existing chapters– to address concepts that the task force identified that were broadly applicable to other forms of sustainability information
 - New chapter 6 - address climate-related financial disclosures presented in a separate report or included in other documents (e.g., sustainability report or regulatory filing)
 - New terms defined in glossary
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Enhance Updates to Existing Chapters

- Add introduction to climate-related disclosure in Chapter 1 and application of the guide to different presentations of sustainability information
 - Climate-related disclosures versus climate-related financial disclosures (nature of the subject matter)
- Guidance on inherent uncertainty expanded to encompass the concept of occurrence uncertainty in forward-looking information, providing further guidance on:
 - Assessing appropriateness of the subject matter and suitability of criteria
 - Use of practitioner's specialist
 - Procedures to address forward-looking statements, including metric disclosures with significant inherent uncertainty
 - Emphasis paragraph
- Assessing appropriateness of subject matter regarding types of presentation
 - Use of an index by the entity to reference location of the disclosures
 - Additional information

For a list of enhance updates by chapter, refer to Appendix at the end of this presentation

Enhancive Changes - New Chapter 6

- Background information - generic to permit flexibility to application of eventual issuance of new standards* and regulations on climate-related disclosures
- Appropriateness of the subject matter (including types of disclosures, forward-looking information and scenarios)
- Suitability of the criteria (may include a combination of frameworks, standards, measurement criteria)
- Use of scenario analyses and forward-looking disclosures
 - Ability of the practitioner to obtain sufficient appropriate evidence
 - Types of procedures to be performed
 - Form of opinion or conclusion
- Example paragraphs for certain reporting matters
 - Management responsibilities
 - Significant inherent limitations
 - Emphasis paragraphs
 - Restricted use

* The ISSB issued a request for consultation (comment period now closed) on two new draft sustainability standards and is expected to develop standards on additional sustainability topics

Review Process

- ASB members that are also AITF members
 - Provide *positive clearance* of the Guide
 - Record determination as to whether the guide is consistent with applicable ASB statements via the voting link in OnBoard
 - Provide any and all comments, including areas of potential inconsistency to Samantha Mueller at samantha.mueller@aicpa-cima.com
- ASB members that are not AITF members
 - Provide *negative clearance* of the Guide
 - Provide any and all comments, including areas of potential inconsistency to Samantha Mueller at samantha.mueller@aicpa-cima.com
- Review period
 - August 24, 2022 through September 12, 2022

Appendix



Appendix: Enhance Updates to Existing Chapters

Chapter	Topics
1 (Introduction)	<ul style="list-style-type: none">• Introduction to climate-related disclosures (new 1.03)• Table of applicability of chapters to the different types of presentations of sustainability information, including climate-related financial disclosures (new 1.04)• Addition of climate-related financial disclosures to existing paragraphs 1.03-.04 (now 1.05-.06)• Inherent uncertainty in forward-looking information (new 1.24-1.25)• Types of review engagements not permitted (new 1.31)• Use of an index by the entity to reference location of the disclosures (new 1.33)• Appropriateness of subject matter considerations (new 1.35)• Addition to paragraph 1.52 on independence of a statement that the financial statement auditor can be the practitioner for engagement to examine or review sustainability information• Expanded considering the use of a practitioner's specialist (new 1.58)
2 (Planning)	<ul style="list-style-type: none">• Added sentence regarding use of the F/S audit work to paragraph 2.07, and split 2.07 into 3 paragraphs• Added text to existing paragraph 2.24 re: internal audit to highlight requirements resulting from update to AT-C 205 and 210• Revised text in existing paragraph 2.27 to add cross-reference to chapter 6 and to improve the readability of the last sentence

Appendix: Enhance Updates to Existing Chapters (Cont.)

Chapter	Topics
3 (Performing procedures)	<ul style="list-style-type: none">• Forward-looking information with significant Inherent uncertainty (new 3.41E-3.41R)• Addition of two bullet points to end of existing paragraph 3.46
4 (Reporting)	<ul style="list-style-type: none">• Significant inherent uncertainty in forward-looking information (new 4.10)• Use of defined terms and references to management's disclosures (new paragraphs 4.14-4.15)• Emphasis paragraph regarding the nature of the engagement with respect to forward-looking disclosures (new bulleted item to paragraph 4.38)
5 (GHG)	<ul style="list-style-type: none">• Addition to paragraph 5.02 of a reference to chapter 6• Addition of four bulleted items to the end of paragraph 5.40• Correction to paragraph 5.44• Changed the subtitle of paragraph 5.47 from "Corroboration" to "Additional Review Procedures and revised the text to be consistent with paragraph .22 of AT-C section 210
Appendix D	To conform Example 5 with Appendix E re: additional language about management's responsibilities
Glossary	<p>The following terms are to be added:</p> <ul style="list-style-type: none">• Climate-related financial disclosures (introduced in new paragraph 1.03)• Occurrence uncertainty (introduced in new paragraph 1.24)• Index (introduced in new paragraph 1.33)