

Defined Terms for Proposed International Standard on Sustainability Assurance (ISSA) 5000TM, *General Requirements for Sustainability Assurance Engagements*

Objective of this Document

1. The purpose of this document is to consider the defined terms in ISAE 3000 (Revised),¹ ISAE 3400² and ISAE 3410³ as a basis for identifying suitable terms for Proposed ISSA 5000, while taking into account defined terms in the International Standards on Auditing (ISAs), and the *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements* (EER Guidance).

Background

2. As discussed with the IAASB in June 2022, the Sustainability Assurance Working Group (SAWG) has commenced work to develop an overarching standard for assurance on sustainability reporting. The starting point of the work has focused on developing the definitions and baseline requirements, using ISAE 3000 (Revised) and ISAE 3410 as the starting point (and, when appropriate, other ISAEs).
3. This document deals with the definitions for Proposed ISSA 5000. In developing the definitions, the SAWG noted that:
 - (a) The terms and descriptions need to resonate with the topic of sustainability, and therefore the terms currently used in ISAE 3000 (Revised) and ISAE 3410 will need to be adapted and enhanced, as appropriate, to provide specificity for assurance engagements on sustainability reporting.
 - (b) Some of the terms currently used in ISAE 3000 (Revised) and ISAE 3410 are complex and technical (or highly conceptual). Accordingly, when possible, clearer, simpler and concise language has been used.⁴
 - (c) In some cases, similar or related terms in the ISAs or EER Guidance are clearer or more suitable for assurance engagements on sustainability information, or there may be more updated terms in the ISAs that have arisen from recently completed projects.

The SAWG's Approach in Identifying Defined Terms for Proposed ISSA 5000

4. The SAWG used the following approach in identifying defined terms for Proposed ISSA 5000:
 - (a) Identify defined terms in ISAE 3000 (Revised), ISAE 3410 and, when appropriate, other ISAEs, that are relevant to, and necessary for, Proposed ISSA 5000.

¹ International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

² ISAE 3400, *The Examination of Prospective Financial Information (Previously ISA 810)*

³ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

⁴ See the principles on the use of clear, simple and concise language in the [Draft Complexity, Understandability, Scalability and Proportionality \(CUSP\) Drafting Principles and Guidelines](#).

- (b) For the terms identified in (a), identify whether there are similar defined terms used in the International Standards on Auditing (ISAs) or terms described in Appendix 1 of the EER Guidance.
 - (c) Consider whether the term resonates with sustainability information and whether a more specific term would be appropriate.
 - (d) Formulate a definition for the term, using the definitions in ISAE 3000 (Revised), ISAE 3410, other ISAEs and the ISAs, and the descriptions in the EER Guidance.
5. The SAWG notes that there may be a need for further defined terms in Proposed ISSA 5000 in addition to those proposed below. For example:
- (a) If it is determined that certain requirements from the ISAs need to be included in Proposed ISSA 5000, any definitions related to those requirements may also need to be included. For example, if the IAASB supports including the principles of ISA 315 (Revised 2019)⁵ in ISSA 5000, the SAWG will identify definitions associated with the requirements that are included (e.g., “system of internal control,” “controls,” “IT environment,” “risks arising from the use of IT,” “information processing controls,” and “general IT controls”).
 - (b) As the SAWG develops its thinking regarding how to address specific key issues, it may identify a need for new defined terms.

Key Issues

6. The SAWG's considerations in developing the definitions have been noted in the table in this document alongside each definition. However, the SAWG's deliberations on the following definitions were more complex:
- (a) Assertions (see line 1 of the table)
 - This term was not included in ISAE 3000 (Revised) because the IAASB's view at the time was that assertions might not be relevant in all assurance engagements (given that the standard dealt with attestation and direct engagements). Accordingly, the requirements in ISAE 3000 (Revised) related to risk identification and assessment do not refer to assertions. However, ISAE 3410 includes the notion of assertions as part of risk identification and assessment in a reasonable assurance engagement, which was possible given the narrower scope of that standard that deals only with attestation engagements. Since Proposed ISSA 5000 would also only address attestation engagements, the SAWG's preliminary view is that the approach to identifying and assessing risks of material misstatement in ISAE 3410 would be more appropriate. Accordingly, it would be necessary and appropriate to include a defined term for assertions.
 - The SAWG observed that there are various ways in which the term “assertions” may be understood, and therefore the definition needs to be clear which of these contexts the defined term is referring to:
 - (i) The assertions by management embodied in the sustainability information (i.e., representations, whether explicit or otherwise, actually made by management in the sustainability information).
 - (ii) The required assertions for the sustainability information, which are achieved by applying the applicable criteria to measure or evaluate the underlying subject matter and present and disclose the results of that measurement or evaluation in accordance with the criteria. For

⁵ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

example, applying the Global Reporting Initiative (GRI) Standards to the sustainability subject matter would result in sustainability information that achieves the required assertions.

(iii) The assertion categories used by the practitioner in identifying and assessing risks of material misstatement, which are typically a summary of the themes underlying the required assertions (e.g., occurrence).

- The SAWG has developed a definition focused on the perspective of the practitioner when applying assertions as a mechanism for identifying and assessing the risks of material misstatement, and responding to those risks (i.e., the definition reflects point (iii) above). Although the definition in ISA 315 (Revised 2019) is the most recently-developed definition for assertions in the IAASB's standards, the SAWG noted that it describes all three contexts outlined above in points (i)–(iii). In the context of sustainability assurance, this adds complexity and may give rise to confusion as to how assertions assist the practitioner in identifying and assessing the risks of material misstatement, and responding to those risks.

(b) Engagement partner (see line 7 of the table) and engagement team (see line 10 of the table)

- The SAWG considered the term “engagement partner,” and other terms related to “engagement partner” (such as engagement team (see line 10 of the table), and practitioner (see line 27 of the table)). Specifically, the SAWG noted that the standard should be neutral to who performs the assurance engagement (whether a professional accountant or other professional who is not an accountant) and terms used should be well understood outside the accountancy profession. The SAWG observed that the term “partner” may be closely associated with the accountancy profession and perceived as limiting “engagement partner” to individuals who have the title of “partner” in a firm.
- The SAWG debated whether to use an alternative term, such as “engagement leader”. On balance, the SAWG agreed to retain the term “engagement partner” and the related definition because:
 - The definition explicitly acknowledges that it may be a partner or another individual in the firm who is the engagement partner. The term “firm” is also defined in a manner that is neutral towards the legal structure of the organization performing the engagement, and therefore is also not limited to a traditional “firm” in the context of the accountancy profession.
 - The term “engagement partner” is pervasively used in the International Standards on Quality Management (ISQMs) and the IESBA Code,⁶ and therefore amending the term and the related definition could create complexities in aligning the standard with the ISQMs and the IESBA Code.

The SAWG proposes including application material to support the definition of “engagement partner” that emphasizes the individual may have a title other than “partner” in the firm.

- The SAWG also noted that the terms “partner,” “staff,” and “personnel” are defined in ISQM 1⁷ and ISA 220 (Revised)⁸ but not defined in ISAE 3000 (Revised). The SAWG is of the view that these terms

⁶ The International Ethics Standards Board for Accountants (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)*

⁷ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁸ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

and related definitions would further help reinforce the notion that an individual does not need to have the title of partner in the firm to qualify as the “partner” or “engagement partner” in the context of the IAASB Standards. The SAWG is therefore proposing adding these terms to Proposed ISSA 5000 (see lines 7 and 10 of the table).

(c) Sustainability information (see line 36 of the table)

- The SAWG noted that “subject matter information” is a complex phrase that often creates confusion owing to its conceptual nature. The SAWG believes that “sustainability information” is a simpler term and more appropriate for a standard that is designed to focus on sustainability assurance engagements. Consequently, “sustainability information” will be used extensively throughout Proposed ISSA 5000.

(d) Sustainability subject matter (see line 37 of the table)

- The SAWG noted that “underlying subject matter” is also a complex phrase that may create confusion owing to its conceptual nature. The SAWG considered alternative terms to “underlying subject matter,” to help with simplicity and understanding of the meaning of the term. However, the SAWG did not identify a more suitable term, and therefore believes that “sustainability subject matter” is the most appropriate term.
- The reference to “phenomenon” in the definition of “underlying subject matter” in ISAE 3000 (Revised) may not be well understood as reflecting the nature of matters that form the “sustainability subject matter.” The SAWG considered how to improve and clarify the definition to ensure it encompasses all sustainability subject matter that could be in the scope of these engagements. In doing so, the SAWG considered paragraphs 39–40 of the Amended International Framework for Assurance Engagements (Assurance Framework). Specifically, the SAWG:
 - Utilized the examples of underlying subject matter in paragraph 39 of the Assurance Framework to formulate categories of the types of sustainability subject matter in the proposed definition.
 - Noted that the characteristics of the subject matter discussed in paragraph 40 of the Assurance Framework may be useful to highlight the varying nature of sustainability subject matter. The SAWG is proposing including this description as application material to the definition.
- The SAWG noted that it is necessary to describe within this definition what is “sustainability,” so that the sustainability subject matters can be more clearly identified and scoped. Sustainability can be viewed through multiple lenses, for example, in the context of the entity’s ability to generate value over time, or how the entity’s activities impact the resources it uses to support sustainable utilization of those resources. The SAWG has included a proposed description, with the intent of capturing these different lenses, while at the same time being clear about the scope of sustainability subject matter.

Matters for IAASB Consideration:

5. The IAASB is asked to share their views on the proposed defined terms for Proposed ISSA 5000. In particular, the IAASB is asked to share their views on whether:
 - (a) Assertions is a concept relevant in all assurance engagements on sustainability reporting, and therefore should be introduced in Proposed ISSA 5000, and whether the IAASB supports the definition proposed by the SAWG.
 - (b) The term “engagement partner” and the related definition should be retained “as is”.

- (c) The IAASB supports the term “sustainability information” and the related definition.
- (d) The IAASB supports the term “sustainability subject matter” and whether:
 - (i) The types of subject matter reflect all subject matters that could be within the scope of “sustainability subject matter.”
 - (ii) The description of “sustainability” is clear, and if not, how it could be further clarified.

Proposed Defined Terms for Proposed ISSA 5000

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
1	<p>[ISAE 3410 Para 14(b)] Assertions –Representations by the entity, explicit or otherwise, that are embodied in the GHG statement, as used by the practitioner to consider the different types of potential misstatements that may occur.</p>	<p>[ISA 315 (Revised 2019) Para 12(a)] Assertions – Representations, explicit or otherwise, with respect to the recognition, measurement, presentation and disclosure of information in the financial statements which are inherent in management representing that the financial statements are prepared in accordance with the applicable financial reporting framework. Assertions are used by the auditor to consider the different types of potential misstatements that may occur when identifying, assessing and responding to the risks of material misstatement.</p> <p>[EER Guidance Para 253] Assertions - representations by the entity, explicit or otherwise, that are embodied in the subject matter information, as used by the practitioner to consider the different types of potential misstatements that may occur.</p>	<p>Assertions - The representations that the practitioner uses to consider the different types of potential misstatements that may occur when identifying, assessing, and responding to the risks of material misstatement in the sustainability information.</p>	<p>Please see the summary under key issues in paragraph 6(a).</p>
2	<p>[ISAE 3000 (Revised) Para 12(a)]</p>	<p>[EER Guidance Appendix 1]</p>	<p>Assurance engagement — An engagement in which a practitioner</p>	<p>Given that all sustainability assurance engagements</p>

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	<p>Assurance engagement — 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 other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). Each assurance engagement is classified on two dimensions:</p> <p>(i) Either a reasonable assurance engagement or a limited assurance engagement:</p> <p>a. Reasonable assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the</p>	<p>EER Assurance engagement - An assurance engagement on EER.</p>	<p>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>(i) 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 opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the sustainability subject matter, against applicable criteria.</p> <p>(ii) Limited assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable</p>	<p>would be attestation engagements, the explanation of direct and attestation engagements is not necessary and has been excluded.</p> <p>It is noted that a key change to the definition is the underlying terms to be consistent with other terms proposed in this document. Also, where possible, the definition has been streamlined and simplified</p>

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	<p>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 opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.</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</p>		<p>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 judgment, 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</p>	

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	<p>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 subject matter 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</p>		<p>degree that is clearly more than inconsequential.</p>	

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	<p>level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential.</p> <p>(ii) Either an attestation engagement or a direct engagement:</p> <p>a. Attestation engagement—An assurance engagement in which a party other than the practitioner measures or evaluates the underlying subject</p>			

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	<p>matter against the criteria. A party other than the practitioner also often presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the practitioner in the assurance report. In an attestation engagement, the practitioner's conclusion addresses whether the subject matter information is free from material misstatement. The practitioner's conclusion may be phrased in terms of:</p> <ul style="list-style-type: none"> i. The underlying subject matter and the 			

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	<p>applicable criteria;</p> <p>ii. The subject matter information and the applicable criteria; or</p> <p>iii. A statement made by the appropriate party(ies).</p> <p>b. Direct engagement—An assurance engagement in which the practitioner measures or evaluates the underlying subject matter against the applicable criteria and the practitioner presents the resulting subject matter information as part of, or accompanying, the assurance report. In a direct engagement,</p>			

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	<p>the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.</p>			
3	<p>[ISAE 3000 (Revised) Para 12(b)]</p> <p>Assurance skills and techniques—Those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation.</p>	<p>[EER Guidance Appendix 1]</p> <p>Assurance competence - The competence needed to perform an assurance engagement, including competence in both assurance skills and techniques.</p> <p>[EER Guidance Appendix 1]</p> <p>Subject matter competence - Competence in the underlying subject matter of the engagement and in its measurement or evaluation.</p>	<p>Assurance competence – Competence to conduct an assurance engagement as demonstrated by the integration and application of technical competence, professional skills, and professional ethics, values and attitudes. Assurance competence is distinct from sustainability subject matter competence.</p> <p>Sustainability subject matter competence – Competence in the sustainability subject matter of the assurance engagement and in its measurement or evaluation. Sustainability subject matter competence is distinct from assurance competence.</p>	<p>Paragraph A88 of ISQM 1 explains the meaning of competence, which is broader than "skills and techniques" (it is described as the integration and application of technical competence, professional skills, and professional ethics, values and attitudes). Competence therefore appears more appropriate, and would be better aligned with ISQM 1 and concepts around assigning resources to the engagement.</p> <p>In the context of sustainability reporting, it is essential to be clear on the difference between assurance competence and subject</p>

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				matter competence, both of which are essential to be able to perform the engagement. Accordingly, two distinct definitions may be useful.
4	<p>[ISAE 3410 Para 14 (e)]</p> <p>Comparative information – The amounts and disclosures included in the GHG statement in respect of one or more prior periods.</p>	<p>[ISA 710⁹ (Para 6(a))]</p> <p>Comparative information – The amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.</p>	<p>Comparative information – The amounts and disclosures in respect of one or more prior periods, which are presented with the sustainability information for the current period.</p>	<p>The definition has been adjusted to recognize that sustainability information may be presented across various locations and may not necessarily all be contained in a single document.</p>
5	<p>[ISAE 3000 (Revised) Para 12(c)]</p> <p>Criteria – The benchmarks used to measure or evaluate the underlying subject matter. The “applicable criteria” are the criteria used for the particular engagement.</p> <p>[ISAE 3410 Para 14 (a)]</p> <p>Applicable criteria –The criteria used by the entity to quantify and</p>	<p>[EER Guidance Appendix 1]</p> <p>Entity developed criteria – Criteria developed by the entity.</p> <p>[EER Guidance Appendix 1]</p> <p>Framework criteria – Criteria in EER frameworks, standards or guidance established by law or regulation, by international or national standard setters, or by other bodies.</p>	<p>Criteria – The benchmarks used to measure or evaluate the sustainability subject matter, including, when relevant, benchmarks for presentation and disclosure. The “applicable criteria” are the criteria used for the particular engagement.</p>	<p>The SAWG noted that presentation and disclosure is a key element of suitable criteria, which is described in paragraph A45 of ISAE 3000 (Revised). As further indicated in paragraph A45 of ISAE 3000 (Revised), presentation and disclosure is a part of measurement or evaluation. The SAWG believes that the definition of</p>

⁹ ISA 710, *Comparative Information—Corresponding Figures and Comparative Financial Statements*

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	report its emissions in the GHG statement.			criteria should be clearer that presentation and disclosure forms part of the criteria, and has therefore included a more explicit reference to it.
6	<p>[ISAE 3000 (Revised) Para 12(d)]</p> <p>Engagement circumstances — The broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the underlying subject matter; the measurement or evaluation criteria; the information needs of the intended users; relevant characteristics of the responsible party, the measurer or evaluator, and the engaging party and their environment; and other matters, for example events, transactions, conditions and practices, that may</p>		<p>Engagement circumstances – The broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the sustainability subject matter; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity, and management and those charged with governance and their environment; and other matters, for example, events, transactions, conditions and practices, that may have a significant effect on the engagement.</p>	The definition has been aligned to other terms proposed in this document.

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	have a significant effect on the engagement.			
7	<p>[ISAE 3000 (Revised) Para 12(e)]</p> <p>Engagement partner — 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, where required, has the appropriate authority from a professional, legal or regulatory body. “Engagement partner” should be read as referring to its public sector equivalents where relevant.</p>	<p>[ISA 220 (Revised) Para 12(a)]</p> <p>Engagement partner – The partner or other individual, appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.</p> <p>³ “Engagement partner,” “partner,” and “firm” is to be read as referring to their public sector equivalents where relevant.</p> <p>[ISA 220 (Revised) Para 12(h)]</p> <p>Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p>	<p>Engagement Partner — 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, where required, has the appropriate authority from a professional, legal or regulatory body. “Engagement partner” should be read as referring to its public sector equivalents where relevant.</p> <p>Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p>	Please see the summary under key issues in paragraph 6(b).
8	<p>[ISAE 3000 (Revised) Para 12(f)]</p> <p>Engagement risk — The risk that the practitioner expresses an inappropriate conclusion when</p>	<p>[ISA 200¹⁰ Para 13€]</p> <p>Audit risk – The risk that the auditor expresses an inappropriate audit opinion when the financial statements are</p>	<p>Engagement risk — The risk that the practitioner expresses an inappropriate conclusion when the sustainability information is materially misstated.</p>	

¹⁰ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

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	<p>the subject matter information is materially misstated.</p>	<p>materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.</p> <p>[ISA 200 Para 13(e)]</p> <p>Detection risk – The risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.</p>		
<p>9</p>	<p>[ISAE 3000 (Revised) Para 12(g)]</p> <p>Engaging party—The party(ies) that engages the practitioner to perform the assurance engagement.</p> <p>[ISAE 3000 (Revised) Para. A15]</p> <p>The engaging party may be, under different circumstances, management or those charged with governance of the responsible party, a legislature, the intended users, the measurer</p>		<p>Engaging Party- The party(ies) that engages the practitioner to perform the assurance engagement, which may be management or those charged with governance, or another party.</p>	

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	or evaluator, or a different third party(ies).			
10	<p>[ISAE 3000 (Revised) Para 12(h)]</p> <p>Engagement team—All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner’s external expert engaged by the firm or a network firm.</p>	<p>[ISA 220 (Revised) Para 12(d)]</p> <p>Engagement team – All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor’s external expert⁴ and internal auditors who provide direct assistance on an engagement.⁵</p> <p>⁴ISA 620, <i>Using the Work of an Auditor’s Expert, paragraph 6(a), defines the term “auditor’s expert.”</i></p> <p>⁵ISA 610 (Revised 2013), <i>Using the Work of Internal Auditors, establishes limits on the use of direct assistance. It also acknowledges that the external auditor may be prohibited by law or regulation from obtaining direct assistance from internal auditors. Therefore, the use of direct assistance is restricted to situations where it is permitted.</i></p> <p>[ISA 220 (Revised) Para 12(h)] Partner – Any individual with authority to bind</p>	<p>Engagement team— All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner’s external expert engaged by the firm or a network firm.</p> <p>Personnel – Partners and staff in the firm.</p> <p>Staff – Professionals, other than partners, including any experts the firm employs.</p>	<p>Please see the summary under key issues in paragraph 6(b).</p>

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		<p>the firm with respect to the performance of a professional services engagement.</p> <p>[ISA 220 (Revised) Para 12(i)] Personnel – Partners and staff in the firm.</p> <p>[ISA 200 (Revised) Para 12(m)] Staff – Professionals, other than partners, including any experts the firm employs.</p>		
11	<p>[ISAE 3410 Para 14 (m)]</p> <p>Entity – The legal entity, economic entity, or the identifiable portion of a legal or economic entity (for example, a single factory or other form of facility, such as a land fill site), or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the emissions in the GHG statement relate.</p>		<p>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.</p>	<p>In the context of sustainability reporting, there may be variance across reporting frameworks (or other criteria used) on what is the entity for reporting purposes. It may not necessarily follow legal structures in all instances. The SAWG noted the definition in ISAE 3410 sufficiently reflects these variances. In utilizing this definition, examples were removed, given the IAASB’s general drafting practice of not including examples in definitions.</p>

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12	<p>[ISAE 3000 (Revised) Para 12(i)]</p> <p>Evidence – Information used by the practitioner in arriving at the practitioner’s conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ISAE:</p> <p>(i) Sufficiency of evidence is the measure of the quantity of evidence.</p> <p>(ii) Appropriateness of evidence is the measure of the quality of evidence.</p>	<p>[ISA 500¹¹ Para 5(c)]</p> <p>Audit evidence - Information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and information obtained from other sources.</p> <p>[ISA 500 Para 5(b)] Appropriateness (of audit evidence) - The measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor’s opinion is based.</p> <p>[ISA 500 Para 5(f)]</p> <p>Sufficiency (of audit evidence) - The measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor’s assessment of the risks of material misstatement and also by the quality of such audit evidence.</p>	<p>Evidence – Information used by the practitioner in arriving at the practitioner’s conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ISSAs:</p> <p>(i) Sufficiency of evidence is the measure of the quantity of evidence.</p> <p>(ii) Appropriateness of evidence is the measure of the quality of evidence.</p>	<p>The SAWG is of the view that the definition of audit evidence should be further considered following the approval of the Exposure Draft of Proposed ISA 500, which is expected to be approved by the IAASB in September 2022. Accordingly, no changes have been proposed to the definition of evidence from ISAE 3000 (Revised) at this time.</p>

¹¹ ISA 500, *Audit Evidence*

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
13	<p>[ISAE 3000 (Revised) Para 12(j)]</p> <p>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.</p>	<p>[ISA 220 (Revised) Para 12(e)]</p> <p>Firm – A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.</p>	<p>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.</p>	<p>The SAWG proposes adding application material to this definition to emphasize that the legal nature of the entity performing the assurance engagement may take many forms, and may not be described as a firm for legal purposes.</p>
14	<p>[ISAE 3410 Para 14 (k)]</p> <p>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.</p>	<p>[ISA 240¹² Para 12 (a)]</p> <p>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.</p>	<p>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.</p>	
15	<p>[ISAE 3410 Para (l)]</p> <p>Further procedures – Procedures performed in response to assessed risks of material misstatement, including</p>	<p>[ISA 330¹³ Para. 4(a)]</p> <p>Substantive procedure – An audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise(i)</p>	<p>Further procedures – Procedures performed in response to assessed risks of material misstatement, including tests of controls, tests of details and analytical procedures.</p>	<p>Given that tests of controls and analytical procedures are likely to be included in Proposed ISSA 5000 through incorporating requirements from ISAE 3410, the SAWG</p>

¹² ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

¹³ ISA 330, *The Auditor’s Responses to Assessed Risks*

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
	tests of controls (if any), tests of details and analytical procedures.	<p>Tests of details (of classes of transactions, account balances, and disclosures); and</p> <p>(ii) Substantive analytical procedures.</p> <p>[ISA 330 Para. 4(b)]</p> <p>Test of controls – An audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.</p> <p>[ISA 520¹⁴ Para 4]</p> <p>Analytical procedures – Evaluations of financial information through analysis of plausible relationships among both financial and non-financial 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.</p> <p>[ISAE 3402¹⁵ Para 9 (q)]</p>	<p>Test of controls – A procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements of the sustainability information.</p> <p>Analytical procedures – Evaluations of sustainability information through analysis of plausible relationships among data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that significantly differ from expectations.</p>	believes that definitions of these procedures may be necessary, consistent with the approach in the ISAs.

¹⁴ ISA 520, *Analytical Procedures*

¹⁵ ISAE 3402, *Assurance Reports on Controls at a Service Organization*

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
		<p>Test of controls – A procedure designed to evaluate the operating effectiveness of controls in achieving the control objectives stated in the service organization’s description of its system.</p>		
16	<p>[ISAE 3000 (Revised) Para 12(k)]</p> <p>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.</p>	<p>[ISA 200 Para 13(g)]</p> <p>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.</p>	<p>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.</p>	<p>The SAWG observed that “historical financial information” is not used in the requirements in ISAE 3000 (Revised). It is mostly used to describe the scope of the standard. It is not yet clear whether this term would still be needed for Proposed ISSA 5000, and therefore would need to be further considered as the requirements are developed.</p>
17	<p>[ISAE 3000 (Revised) Para 12(m)]</p> <p>Intended users – The individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report. In some cases, there may be intended users</p>		<p>Intended users – The individual(s) or organization(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.</p>	

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
	other than those to whom the assurance report is addressed.			
18	[ISAE 3000 (Revised) Para 12(I)] 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.	[ISA 610 (Revised 2013) Para 14(a)] 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.	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.	
19	[ISAE 3000 (Revised) Para 12(n)] Measurer or evaluator – The party(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or evaluator possesses expertise in the underlying subject matter.	[EER Guidance Appendix 1] Preparer - A responsible party who is also the measurer or evaluator.	Management (see line 33)	Given management’s responsibility for the sustainability information, the SAWG is of the view that the term “measurer or evaluator” should be replaced with “management.”
20	[ISAE 3000 (Revised) Para 12(o)]	[ISA 450¹⁶ Para 4(a)]	Misstatement – A difference between the sustainability information and the appropriate measurement or evaluation	Given that the term “error” and “fraud” have been included elsewhere in the

¹⁶ ISA 450, *Evaluation of Misstatements Identified during the Audit*

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	<p>Misstatement – A difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.</p>	<p>Misstatement – A difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud. When the auditor expresses an opinion on whether the financial statements are presented fairly, in all material respects, or give a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor’s judgment, are necessary for the financial statements to be presented fairly, in all material respects, or to give a true and fair view.</p>	<p>of the sustainability subject matter in accordance with the applicable criteria. Misstatements can arise from error or fraud, may be qualitative or quantitative, and include omissions.</p>	<p>definitions, for consistency, the SAWG has replaced “intentional or unintentional” with “error or fraud.”</p> <p>Other amendments were made to align with proposals elsewhere in this document.</p>
21	<p>[ISAE 3000 (Revised) Para 12(p)]</p> <p>Misstatement of fact (with respect to other information) – Other information that is unrelated</p>	<p>[ISA 720 (Revised)¹⁷ para. 12(b)]</p> <p>Misstatement of the other information – A misstatement of the other information exists when the other information is incorrectly stated or</p>	<p>Misstatement of the other information – A misstatement of the other information exists when the other information is incorrectly stated or otherwise misleading (including</p>	<p>The SAWG observed that a “misstatement of fact” and a “misstatement of other information” are not similar. A “misstatement of fact” refers</p>

¹⁷ ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
	<p>to matters appearing in the subject matter information or the assurance report that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the subject matter information.</p>	<p>otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).</p>	<p>because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).</p>	<p>to information that is unrelated to the sustainability information, whereas a “misstatement of the other information” could include information that is related or unrelated to the sustainability information. The requirements in ISAE 3000 (Revised) deal with:</p> <ul style="list-style-type: none"> • A material inconsistency between the sustainability information and the other information that is related to the sustainability information; and • A material misstatement of fact in the other information that is unrelated to the sustainability information. <p>The SAWG recognizes that ISA 720 (Revised) has been</p>

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				<p>revised since ISAE 3000 was (Revised).</p> <p>Further consideration is needed regarding the expectations of practitioners in dealing with other information, whether related or unrelated. Accordingly, the appropriate definition needed in Proposed ISSA 5000 will need to be considered in the context of the requirements when they are considered by the SAWG.</p>
22		<p>[ISA 220 (Revised) Para 12(g)] Network – A larger structure:</p> <ul style="list-style-type: none"> (i) That is aimed at cooperation, and (ii) 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 	<p>Network – A larger structure:</p> <ul style="list-style-type: none"> (i) That is aimed at cooperation, and (ii) 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 	<p>This definition has been proposed because other definitions in this document use the term “network”.</p>

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
23		<p>[ISA 220 (Revised) Para 12(f)] Network firm – A firm or entity that belongs to the firm’s network.</p>	<p>Network firm – A firm or entity that belongs to the firm’s network.</p>	<p>This definition has been proposed because other definitions in this document use the term “network firm.”</p>
24	<p>[ISAE 3410 Para 14 (o)] Organizational boundary – The boundary that determines which operations to include in the entity’s GHG statement.</p>		<p>Reporting boundary – The boundary of the entity’s activities, operations, relationships or resources included in the sustainability information.</p>	<p>The term has been adjusted to “reporting boundary” because the scope of operations reported on may be outside of the entity or organization. For example, it is intended that this defined term would be used to refer to the fact that the entity may be required to include information related to its value chain.</p> <p>The SAWG further observed that “operations” may not fully reflect all of the elements that may be included in the reporting boundary. Accordingly, the SAWG referred to the definition of “value chain” in the International Sustainability Standards Board Exposure Draft for IFRS S1, <i>General</i></p>

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				<p><i>Requirements for Disclosure of Sustainability-related Financial Information.</i>¹⁸</p> <p>The SAWG notes that this definition refers to “entity” which has been defined above, and therefore also contributes to describing the boundary to which the information relates.</p>
25	<p>[ISAE 3000 (Revised) Para 12(q)]</p> <p>Other information – Information (other than the subject matter information and the assurance report thereon) which is included, either by law, regulation or custom, in a document containing the subject matter information and the assurance report thereon.</p>	<p>[ISA 720 (Revised) Para 12(g)]</p> <p>Other information – Financial or non-financial information (other than financial statements and the auditor’s report thereon) included in an entity’s annual report.</p>	<p>Other information – Information (other than the sustainability information and the assurance report thereon) which is included in a document containing the sustainability information and the assurance report thereon.</p>	
26	<p>[ISAE 3410 Para 14 (p)]</p>	<p>[ISA 320¹⁹ Para 9]</p>	<p>Performance materiality – A quantitative threshold that is less than</p>	<p>The SAWG is of the view that the definition of “performance</p>

¹⁸ Draft IFRS S1 describes the value chain as “The full range of activities, resources and relationships related to a reporting entity’s business model and the external environment in which it operates.”

¹⁹ ISA 320, *Materiality in Planning and Performing an Audit*

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	<p>Performance materiality – The amount or amounts set by the practitioner at less than materiality for the GHG statement to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the GHG statement. If applicable, performance materiality also refers to the amount or amounts set by the practitioner at less than the materiality level or levels for particular types of emissions or disclosures.</p>	<p>Performance materiality – The amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.</p> <p>[EER Guidance Appendix 1]</p> <p>Performance materiality – A quantitative threshold that is less than quantitative materiality for the subject matter information as a whole that is set to reduce aggregation risk to an appropriately low level.</p> <p>[EER Guidance Appendix 1]</p> <p>Aggregation risk – the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.</p>	<p>quantitative materiality for the sustainability information that is set to reduce aggregation risk to an appropriately low level.</p> <p>Aggregation risk – The probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.</p>	<p>materiality” in the EER guidance is simpler and clearer than the definition in ISAE 3410. Since the SAWG is proposing adopting this definition, the related definition of “aggregation risk” also needs to be included in Proposed ISSA 5000. However, the SAWG removed the phrase “as a whole” as sustainability information is not usually able to be aggregated in the same way as financial information due to the disparate types of information comprising sustainability information. The SAWG will give further consideration to these concepts as part of further work that will be undertaken to address the priority area of materiality.</p>

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27	<p>[ISAE 3000 (Revised) Para 12(c)]</p> <p>Practitioner – The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISAE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “practitioner” is used.</p>		<p>Practitioner – The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISAE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “practitioner” is used.</p>	
28	<p>[ISAE 3000 (Revised) Para 12(s)]</p> <p>Practitioner’s expert – An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist the practitioner in obtaining sufficient appropriate evidence. A practitioner’s expert may be either a practitioner’s internal expert (who is a partner or staff,</p>	<p>[ISA 620 Para 6(a)]</p> <p>Auditor’s expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor’s expert may be either an auditor’s internal expert (who is a partner* or staff, including temporary staff, of the auditor’s firm or a network firm), or an auditor’s external expert. * “Partner” and “firm” should be read as</p>	<p>Practitioner’s expert – An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist the practitioner 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.</p>	<p>The need for a definition of “management’s expert” may arise as the requirements of the standard are developed. Therefore, only a definition of “practitioner’s expert” has been proposed at this stage.</p>

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	including temporary staff, of the practitioner’s firm or a network firm), or a practitioner’s external expert.	<p>referring to their public sector equivalents where relevant.</p> <p>[ISA 620 Para 6(c)]</p> <p>Management’s expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.</p> <p>[ISA 620 Para 6(b)]</p> <p>Expertise – Skills, knowledge and experience in a particular field</p> <p>[EER Guidance Appendix 1]</p> <p>Subject matter experts - Experts in the underlying subject matter and its measurement or evaluation.</p>		
29	<p>[ISAE 3000 (Revised) Para 12(t)]</p> <p>Professional judgment – 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</p>	<p>[ISA 200 Para 13(k)]</p> <p>Professional judgment – The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.</p>	<p>Professional judgment – 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.</p>	

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
	circumstances of the engagement.			
30	[ISAE 3000 (Revised) Para 12(u)] Professional skepticism – An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.	[ISA 200 Para 13(l)] Professional skepticism – 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 audit evidence.	Professional skepticism – 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.	A reference to “error or fraud” has been added to the definition of professional skepticism adapted from ISAE 3000 (Revised) to better align with the ISA definition and reinforce the importance of being alert to error or fraud.
31		[ISA 220 (Revised) Para 12(j)] Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.	Professional standards – International Standards on Sustainability Assurance (ISSAs) and relevant ethical requirements.	The SAWG noted that currently there are references to professional standards in the requirements of ISAE 3000 (Revised). To support clarity, and since there is a definition in the ISAs, the SAWG believes this definition is helpful.
32	[ISAE 3400 para. 3] Prospective financial information – Financial information based on assumptions about events that may occur in the future and possible actions by an entity. It is highly subjective in nature and its		Forward-looking sustainability information – Sustainability information about events that may occur in the future and possible actions by an entity. Forward-looking	Given sustainability information is likely to include extensive forward-looking information, the SAWG is of the view that a definition will

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	<p>preparation requires the exercise of considerable judgment. Prospective financial information can be in the form of a forecast, a projection or a combination of both, for example, a one year forecast plus a five year projection.</p> <p>[ISAE 3400 para. 4] Forecast - Prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions management expects to take as of the date the information is prepared (best-estimate assumptions).</p> <p>[ISAE 3400 para. 5] Projection – A “projection” means prospective financial information prepared on the basis of:</p> <p>(a) Hypothetical assumptions about future events and management actions which are not necessarily expected to take place, such as when some entities</p>		<p>sustainability information includes forecasts and projections.</p> <p>Forecast – Forward-looking sustainability information prepared on the basis of assumptions as to future events that management expects to take place and the actions management expects to take as of the date the information is prepared (best-estimate assumptions).</p> <p>Projection – Forward-looking sustainability information prepared on the basis of:</p> <p>(i) Hypothetical assumptions about future events and management actions that are not necessarily expected to take place; or</p> <p>(ii) A mixture of best–estimate and hypothetical assumptions.</p>	<p>be necessary for Proposed ISSA 5000.</p> <p>The SAWG noted that “prospective financial information” is inadvertently limited to forward-looking information that is based on assumptions. However, forward-looking information could include information not based on assumptions, such as actions to be taken to address a climate-related risk or describing strategic plans of the entity. Accordingly, the SAWG believes that a more general description of forward-looking information is appropriate, together with definitions of “forecast” and “projection” to retain alignment with existing concepts in the IAASB Standards.</p> <p>The SAWG will also explain “scenario analysis” in the application material, given its prominence in sustainability</p>

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	<p>are in a start-up phase or are considering a major change in the nature of operations; or</p> <p>(b) A mixture of best-estimate and hypothetical assumptions.</p>			<p>reporting. Scenario analysis is a series of projections (which is defined).</p>
33	<p>[ISAE 3000 (Revised) Para 12(v)]</p> <p>Responsible party – The party(ies) responsible for the underlying subject matter.</p>	<p>[ISA 200 Para. 13(h)]</p> <p>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.</p> <p>[ISA 200 Para. 13(o)]</p> <p>Those charged with governance – The person(s) or organization(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 financial reporting process. For</p>	<p>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.</p> <p>Those charged with governance – The person(s) or organization(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</p>	<p>The SAWG believes that more specificity regarding who is the responsible party (i.e., management and those charged with governance). will help provide clarity about matters that relate to management, versus those charged with governance, in the requirements of Proposed ISSA 5000.</p>

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		<p>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> <p>[EER Guidance Appendix 1]</p> <p>Preparer - A responsible party who is also the measurer or evaluator.</p>	<p>example, executive members of a governance board of a private or public sector entity, or an owner–manager.</p>	
34	<p>[ISAE 3000 (Revised) Para 12(w)]</p> <p>Risk of material misstatement — The risk that the subject matter information is materially misstated prior to the engagement.</p>	<p>[ISA 200 Para 13(n)]</p> <p>Risk of material misstatement – The risk that the financial statements are materially misstated prior to audit. This consists of two components, described as follows at the assertion level:</p> <p>(i) Inherent risk – The susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.</p> <p>(ii) Control risk – The risk that a misstatement that could occur in</p>	<p>Risk of material misstatement — The risk that the sustainability information is materially misstated prior to the engagement.</p>	<p>For now, the SAWG believes it is appropriate to retain the definition of risk of material misstatement used in ISAE 3000 (Revised). However, as Proposed ISSA 5000 is further developed, there may be a need to reconsider this definition, and whether the definition needs to be extended to incorporate the components of inherent risk and control risk that exist in the ISA definition.</p>

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
		an assertion about a class of transactions, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's controls.		
35	[ISAE 3410 Para 14 (t)] Significant facility - A facility that is of individual significance due to the size of its emissions relative to the aggregate emissions included in the GHG statement or its specific nature or circumstances which give rise to particular risks of material misstatement.			Given the notion of a significant component has been removed in ISA 600 (Revised), ²⁰ the SAWG is of the view that the notion of a significant facility (or something similar to a facility) should not be introduced in Proposed ISSA 5000.
36	[ISAE 3000 (Revised) Para 12(x)] Subject matter information – The outcome of the measurement	[ISA 200 Para 13(g)] Historical financial information – Information expressed in financial terms in relation to a particular entity, derived	Sustainability information – Information that results from measuring or evaluating the sustainability subject matter against the applicable criteria.	Please see the summary under key issues in paragraph 6(c).

²⁰ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

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	<p>or evaluation of the underlying subject matter against the criteria, that is, the information that results from applying the criteria to the underlying subject matter.</p>	<p>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.</p> <p>[ISA 200 Para 13(f)]</p> <p>Financial Statements – A structured representation of historical financial information, including disclosures, intended to communicate an entity’s economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with a financial reporting framework. The term “financial statements” ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement. Disclosures comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of a financial statement, or in the notes, or incorporated therein by cross-reference.</p>		

	Relevant Defined Term in ISAE 3000 (Revised), ISAE 3400 or ISAE 3410	Related Defined Terms in the ISAs or EER Guidance	Proposed Defined Term for Proposed ISSA 5000	Key Notes Regarding the Proposed Defined Term
37	<p>[ISAE 3000 (Revised) Para 12(y)]</p> <p>Underlying subject matter — The phenomenon that is measured or evaluated by applying criteria.</p>	<p>[EER Guidance Appendix 1]</p> <p>Reporting topics - Relevant (aspects of) underlying subject matter.</p>	<p>Sustainability subject matter – Events, conditions, actions, performance, systems or processes related to an entity’s ability to generate value over time, or to an entity’s impact on the economy, environment, or society.</p>	<p>Please see the summary under key issues in paragraph 6(d).</p> <p>The SAWG will also provide application material to this definition to explain that sustainability subject matter may have different characteristics, including qualitative versus quantitative, objective versus subjective, historical versus forward-looking, and may relate to a point in time or cover a period.</p>