

## Proposed International Standard on Sustainability Assurance™ (ISSA) 5000, General Requirements for Sustainability Assurance Engagements Definitions

### Background

1. In September 2022, the Sustainability Assurance Task Force (SATF) presented initial proposals for the definitions in Proposed ISSA 5000. The SATF used the definitions from ISAE 3000 (Revised)<sup>1</sup> and ISAE 3410<sup>2</sup> as a basis for identifying which definitions would be needed in the new standard. The SATF also considered relevant definitions in the ISAs, other ISAEs and the descriptions in the *Non-Authoritative guidance on Sustainability and Other Extended External Reporting Assurance Engagements* (EER Guidance).
2. This document includes the following:
  - (a) Enhancements to the definitions discussed with the Board in September 2022 to respond to the Board’s feedback (changes have been indicated in the table below in “marked”). In addition, the SATF has provided application material considered necessary to support a definition (application material was not provided in September 2022, and therefore is also shown as “marked” to indicate new content not previously discussed with the Board).
  - (b) New definitions identified by the SATF as part of developing drafting on the various Parts of Proposed ISSA 5000. These were not presented to the Board in September 2022 and are also shown as marked in the table below to indicate that they are new content.

Explanations to support the SATF’s proposals are provided alongside the definitions in the table below.

3. For purposes of navigating the table below:

Grey cells indicate material that was provided in September 2022 that was retained for reference
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Green cells indicate new material that was not provided in September 2022, which may be useful context to the proposals in this paper
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4. The SATF notes that the following definitions were more complex and required more specific consideration:
  - (a) Assertions (see line 1).
  - (b) Engagement leader (see line 8).
  - (c) Sustainability information (see line 38).
  - (d) Underlying subject matter (see line 40).

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

<sup>2</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

5. Given the requirements on certain Parts have yet to be developed, there are some definitions that the SATF has not further considered or amended because they will instead be considered alongside related requirements. These have also been highlighted as “grey cells” in the table below.

**Matters for IAASB Consideration:**

3. The IAASB is asked to share its views on all of the proposed definitions in the table below (excluding any definitions that will be further revised alongside the requirements, highlighted in grey cells). In particular:
- (a) Assertions (see line 1): Does the IAASB agree with the enhancements to the definition of “assertions” in ISAE 3410 that clarify what the assertions relate to and how the assertions are used by the practitioner?
  - (b) Engagement leader (see line 8): Does the IAASB support using the term “engagement leader” and agree with how the SATF has amended the definition of “engagement team” (see line 11) to recognize the engagement leader?
  - (c) Sustainability information (see line 38): Does the IAASB support the definition, including the application material to explain how this term is used in the standard?
  - (d) Underlying subject matter (see line 40): Does the IAASB support using the term “underlying subject matter” instead of “sustainability subject matter” and is the definition as proposed clearer for the purposes of Proposed ISSA 5000 than the related definition in ISAE 3000 (Revised)?

**Proposed Defined Terms for Proposed ISSA 5000**

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1	<p><b>[ISAE 3410 Para 14(b)]</b> <b>Assertions</b> –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><b>[ISA 315 (Revised 2019)<sup>4</sup> Para 12(a)]</b> <b>Assertions</b> – 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><b>[EER Guidance Para 253]</b> <b>Assertions</b> - representations by the entity, explicit or otherwise, that are embodied in the subject matter</p>	<p><b>Assertions</b> - <del>The</del> <u>Representations by the entity, explicit or otherwise, with respect to the recognition, measurement, presentation and disclosure of the sustainability information, as that used by</u> the practitioner <del>uses</del> to consider <del>the different types of</del> potential misstatements that may occur when identifying <del>and</del>, assessing, and responding to <del>the</del> risks of material misstatement in the sustainability information.</p> <p><u>Application material</u></p> <p><u>A1R. Categories of 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</u></p>	<p>In September 2022, the Board suggested using the definition of “assertions” in ISAE 3410 as a basis for the definition of “assertions” in Proposed ISSA 5000, given that assertions should reflect that they are management’s assertions.</p> <p>The SATF has responded by including a reference to “representations by the entity,” consistent with ISAE 3410. However, the SATF has enhanced the definition from ISAE 3410 further as follows:</p> <ul style="list-style-type: none"> <li>• “Embodied in the GHG statement” has been replaced with “with respect to the recognition,</li> </ul>

<sup>3</sup> International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information*

<sup>4</sup> International Standard on Auditing (ISA) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

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		information, as used by the practitioner to consider the different types of potential misstatements that may occur.	<a href="#">material misstatement. Examples of these categories of assertions are described in paragraph X<sup>5</sup> of Part 6. [ISA 315 (Revised 2019) Para.A1]</a>	<p>measurement, presentation and disclosure of the sustainability information.” The SATF believes this is much clearer what management’s assertions relate to.</p> <ul style="list-style-type: none"> <li>• In September 2022, the SATF clarified how the assertions are used by referring to the fact that they are used as part of “identifying, assessing, and responding to the risks of material misstatement in the sustainability information” (similar to the definition in ISA 315 (Revised 2019). The SATF continues to believe that this clarification is useful.</li> </ul>

<sup>5</sup> The material addressing assertions has yet to be developed in Part 6, therefore this reference has been provided as a placeholder.

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2	<p><b>[ISAE 3000 (Revised) Para 12(a)]</b></p> <p><b>Assurance engagement</b> — 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. <b>Reasonable assurance engagement</b>—An assurance engagement in which the practitioner</p>	<p><b>[EER Guidance Appendix 1]</b></p> <p><b>EER Assurance engagement</b> – An assurance engagement on EER.</p>	<p><b>Assurance engagement</b> — 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>(i) <b>Reasonable assurance engagement</b>—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 <b>sustainability underlying</b> subject matter, against applicable criteria.</p>	<p>The SATF considered whether to amend this term to “sustainability assurance engagement,” however concluded that doing so would require an amendment to every reference to “assurance engagement” and could result in cumbersome language, such as “reasonable sustainability assurance engagement.”</p>

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	<p>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 of the underlying subject matter against criteria.</p> <p>b. <b>Limited assurance engagement</b>—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</p>		<p>(ii) <b>Limited assurance engagement</b>—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 judgment, meaningful. To be</p>	

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	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 level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by		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.	

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	<p>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. <b>Attestation engagement</b>—An assurance engagement in which a party other than the practitioner measures or evaluates the underlying subject 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</p>			

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	<p>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"> <li>i. The underlying subject matter and the applicable criteria;</li> <li>ii. The subject matter information and the applicable criteria; or</li> <li>iii. A statement made by the appropriate party(ies).</li> </ul> <p>b. <b>Direct engagement</b>—An assurance engagement in which the practitioner</p>			

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	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, the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.			
3			<u>Appropriate party(ies) – Management or those charged with governance, as appropriate, or the engaging party, if different.</u>	
4	[ISAE 3000 (Revised) Para 12(b)] <b>Assurance skills and techniques</b> —Those planning,	[EER Guidance Appendix 1] <b>Assurance competence</b> – The competence needed to perform an assurance engagement, including	<b>Assurance <u>skills and techniques competence</u></b> – <u>Those planning, evidence gathering, evidence evaluation, communication and</u>	In September 2022, the SATF proposed the term “assurance competence” and based it on the description of

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	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.	competence in both assurance skills and techniques. <b>[EER Guidance Appendix 1]</b> <b>Subject matter competence</b> – Competence in the underlying subject matter of the engagement and in its measurement or evaluation.	<del>reporting skills and techniques demonstrated by an assurance practitioner, and professional ethics, values and attitudes. Assurance competence is distinct from sustainability subject matter competence.</del> <b>Sustainability subject matter competence</b> – Competence in the <del>underlying sustainability</del> subject matter of the assurance engagement and in its measurement or evaluation. <del>Sustainability subject matter competence is distinct from assurance competence.</del>	competence in ISQM 1. <sup>6</sup> On further reflection, the SATF believes that “assurance skills and techniques” more precisely describes the intended expectation of what competency is needed to perform a sustainability assurance engagement, and that the description of assurance competence as proposed in September 2022, and in the EER Guidance is too vague. The SATF considered offline comments and noted that the reference to “distinct from underlying subject matter” could inadvertently imply that a practitioner does not need competence related to sustainability information, and its measurement and evaluation. The SATF

<sup>6</sup> ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

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				remains of the view that a separate definition of “sustainability competence” is appropriate. This definition will help to explain the need for the engagement team to have both assurance skills and techniques and sustainability competence.
5	<b>[ISAE 3410 Para 14(e)]</b> <b>Comparative information</b> – The amounts and disclosures included in the GHG statement in respect of one or more prior periods.	<b>[ISA 710<sup>7</sup> (Para 6(a))]</b> <b>Comparative information</b> – 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.	<b>Comparative information</b> – The <del>amounts and disclosures</del> <u>included in the sustainability information</u> in respect of one or more prior periods, <del>which are presented with the sustainability information for the current period.</del>	Given offline comments in September 2022, the SATF has proposed a definition more aligned with ISAE 3410. This definition may be further considered when the SATF develops the requirements for comparative information.
6	<b>[ISAE 3000 (Revised) Para 12(c)]</b> <b>Criteria</b> – The benchmarks used to measure or evaluate the underlying subject matter. The	<b>[EER Guidance Appendix 1]</b> <b>Entity developed criteria</b> – Criteria developed by the entity. <b>[EER Guidance Appendix 1]</b>	<b>Criteria</b> – The benchmarks used to measure or evaluate the <del>underlying sustainability</del> subject matter, <del>and including</del> , when relevant, benchmarks for presentation and disclosure. The “applicable criteria” are	In September 2022, the IAASB suggested separate definitions for “criteria,” “entity-developed criteria” and “framework criteria.”

<sup>7</sup> ISA 710, *Comparative Information—Corresponding Figures and Comparative Financial Statements*

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	<p>“applicable criteria” are the criteria used for the particular engagement.</p> <p><b>[ISAE 3410 Para 14 (a)]</b></p> <p><b>Applicable criteria</b> –The criteria used by the entity to quantify and report its emissions in the GHG statement.</p>	<p><b>Framework criteria</b> – Criteria in EER frameworks, standards or guidance established by law or regulation, by international or national standard setters, or by other bodies.</p>	<p>the criteria used for the particular engagement <u>and may comprise either, or both, of the following:</u></p> <p><u>(i) Framework criteria, which are criteria in sustainability frameworks, standards or guidance, established by law or regulation, by international or national standard setters, or by other bodies;</u></p> <p><u>(ii) Entity-developed criteria, which are criteria designed by the entity for preparing the sustainability information. Such criteria are either:</u></p> <p><u>a. A complete set of criteria; or</u></p> <p><u>b. Criteria developed to supplement or interpret framework criteria.</u></p>	<p>The SATF heard varying views about whether an explicit reference to “presentation and disclosure” is needed in the definition because suitable criteria include criteria for presentation and disclosure (see paragraph A10 of ISAE 3000 (Revised)). On balance, the SATF is of the view that an explicit reference is helpful because “measurement or evaluation” may not be generally understood to include “presentation and disclosure,” which may be critical for the criteria to be suitable in the context of sustainability reporting.</p>
7	<p><b>[ISAE 3000 (Revised) Para 12(d)]</b></p> <p><b>Engagement circumstances</b> — The broad context defining the particular engagement, which</p>		<p><b>Engagement circumstances</b> – The broad context defining the particular engagement, which includes: the terms of the engagement; <u>the scope of the assurance engagement and</u> whether it is a reasonable assurance engagement</p>	<p>This definition has been updated to better reflect matters that affect sustainability assurance engagements. Note that this</p>

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	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 have a significant effect on the engagement.		or a limited assurance engagement; <del>;</del> the <u>topics, aspects of the topics and disclosures</u> <del>characteristics of</del> <u>comprising</u> the sustainability <del>subject</del> <u>matter</u> <del>information</del> ; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity <u>and, its reporting boundary; the characteristics of the entity's</u> <del>and</del> management and those charged with governance <del>and their environment</del> ; and other matters, <del>for example, events, transactions, conditions and practices</del> , that may have a significant effect on the engagement.	definition is used in paragraphs 1 and 2 of Part 3.
8	<b>[ISAE 3000 (Revised) Para 12(e)]</b> <b>Engagement partner</b> — The partner or other individual, appointed by the firm, who is	<b>[ISA 220 (Revised)<sup>8</sup> Para 12(a)]</b> <b>Engagement partner</b> – 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	<b>Engagement <del>leader</del>Partner</b> — The partner or other individual <del>;</del> 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	In September 2022, the Board asked the SATF to seek input from relevant stakeholders on whether the term “engagement partner” is sufficiently neutral to who

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

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	<p>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>behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. <sup>3</sup> “Engagement partner,” “partner,” and “firm” is to be read as referring to their public sector equivalents where relevant. <b>[ISA 220 (Revised) Para 12(h)] Partner</b> – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p>	<p>required, has the appropriate authority from a professional, legal or regulatory body. “Engagement <del>leader-partner</del>” should be read as referring to its public sector equivalents where relevant. <b>Partner</b> – Any individual with authority to bind the firm with respect to the performance of a professional services engagement. <i>Application material</i> <u>A1. The individuals in the firm who are considered an “engagement leader” in accordance with this standard may have various titles, for example, “partner,” “director,” or “principal.” Whether the individual is permitted to be an engagement leader in accordance with this standard depends on how the firm assigns responsibilities, and whether law, regulation or professional standards include requirements that specify who may be permitted to accept responsibility for the engagement (e.g., law, regulation or</u></p>	<p>performs the assurance engagement and would be understood outside the accountancy profession, and to further explore a solution on how to enable the standard to be more neutral in using the term “engagement partner.” The SATF asked the Reference Group of individuals not associated with the accounting profession whether the term “engagement partner” is widely understood by practitioners not involved in the accountancy profession. On balance, they believed that the term “engagement partner” is well embedded in ISAE 3000 (Revised) and commonly understood and therefore did not necessarily need to be adjusted. While the SATF recognizes this feedback, the SATF</p>

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			<p><u>professional standards may include requirements for the professional licensing of engagement leaders, including requirements regarding their professional education and continuing professional development). [NEW AM]</u></p> <p><u>A2. Other IAASB Standards may use the term “engagement partner,” which is the equivalent of “engagement leader.” [NEW AM]</u></p>	<p>remains of the view that practitioners not previously familiar with the IAASB’s standards may perceive this term as unique to the accountancy profession. The SATF therefore believes the term should be amended to “engagement leader.”</p> <p>The SATF has also proposed additional application material to further highlight that the individual appointed as the engagement leader may have various titles in the firm.</p>
9	<p><b>[ISAE 3000 (Revised) Para 12(f)]</b></p> <p><b>Engagement risk</b> — The risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.</p>	<p><b>[ISA 200<sup>9</sup> Para 13(e)]</b></p> <p><b>Audit risk</b> – The risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.</p>	<p><b>Engagement risk</b> — The risk that the practitioner expresses an inappropriate conclusion when the sustainability information is materially misstated.</p> <p><u>Application material</u></p> <p><u>A1. Engagement risk does not refer to, or include, the practitioner’s</u></p>	<p>The SATF has proposed additional application material adapted from ISAE 3000 (Revised).</p>

<sup>9</sup> 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><b>[ISA 200 Para 13(e)]</b></p> <p><b>Detection risk</b> – 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><u>business risks, such as loss from litigation, adverse publicity, or other events arising in connection with particular subject matter information. [ISAE 3000 Para. A11]</u></p> <p><u>A2. In general, engagement risk can be represented by the following components:</u></p> <p><u>(a) Risks that the practitioner does not directly influence, which in turn consist of:</u></p> <p><u>(i) The susceptibility of the sustainability information to a material misstatement before consideration of any related controls applied by the entity (inherent risk); and</u></p> <p><u>(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</u></p>	

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			<p><u>internal control (control risk); and</u></p> <p><u>(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).</u></p> <p><u>[ISAE 3000 Para A12-A13]</u></p> <p><u>A3. Reducing engagement risk to zero is very rarely attainable or cost beneficial and, therefore, “reasonable assurance” is less than absolute assurance, as a result of factors such as the following:</u></p> <p><u>(a) The use of selective testing.</u></p> <p><u>(b) The inherent limitations of internal control.</u></p> <p><u>(c) The fact that much of the evidence available to the practitioner is persuasive rather than conclusive.</u></p>	

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			<p><u>(d) The use of professional judgment in gathering and evaluating evidence and forming conclusions based on that evidence.</u></p> <p><u>(e) In some cases, the characteristics of the underlying subject matter when evaluated or measured against the criteria.</u></p> <p><u>[ISAE 3000 Para A14]</u></p>	
10	<p><b>[ISAE 3000 (Revised) Para 12(g)]</b></p> <p><b>Engaging party</b>—The party(ies) that engages the practitioner to perform the assurance engagement.</p> <p><b>[ISAE 3000 (Revised) Para. A15]</b></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><b>Engaging Party-</b> 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).			
11	<p><b>[ISAE 3000 (Revised) Para 12(h)]</b></p> <p><b>Engagement team</b>—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><b>[ISA 220 (Revised) Para 12(d)]</b> <b>Engagement team</b> – All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor’s external expert<sup>4</sup> and internal auditors who provide direct assistance on an engagement.<sup>5</sup></p> <p><sup>4</sup>ISA 620, <i>Using the Work of an Auditor’s Expert, paragraph 6(a), defines the term “auditor’s expert.”</i></p> <p><sup>5</sup>ISA 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><b>[ISA 220 (Revised) Para 12(h)] Partner</b> – Any individual with authority to bind</p>	<p><b>Engagement team</b> – <u>The engagement leader and personnel</u><del>All partners and staff</del> 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><b>Personnel</b> – Partners and staff in the firm.</p> <p><b>Staff</b> – Professionals, other than partners, including any experts the firm employs.</p>	<p>Given the change from “engagement partner” to “engagement leader” proposed above, the SATF noted that it is important to highlight in this definition that the engagement team includes the engagement leader. Since “personnel” as defined is the partners and staff in the firm, the SATF replaced “partners and staff” with personal to aid in simplifying the definition.</p>

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		<p>the firm with respect to the performance of a professional services engagement.</p> <p><b>[ISA 220 (Revised) Para 12(i)] Personnel</b> – Partners and staff in the firm.</p> <p><b>[ISA 200 (Revised) Para 12(m)] Staff</b> – Professionals, other than partners, including any experts the firm employs.</p>		
12	<p><b>[ISAE 3410 Para 14 (m)]</b></p> <p><b>Entity</b> – 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><b>Entity</b> – 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>	

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13	<p><b>[ISAE 3000 (Revised) Para 12(i)]</b></p> <p><b>Evidence</b> – 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) <b>Sufficiency of evidence</b> is the measure of the quantity of evidence.</p> <p>(ii) <b>Appropriateness of evidence</b> is the measure of the quality of evidence.</p>	<p><b>[Proposed ISA 500 (Revised)<sup>10</sup> Para 7(b)]</b></p> <p><b>Audit evidence</b> - Information, to which audit procedures have been applied, that the auditor uses to draw conclusions that form the basis for the auditor’s opinion and report.</p> <p><b>[Proposed ISA 500 (Revised) Para 7(a)]</b></p> <p><b>Appropriateness</b> (of audit evidence) - The measure of the quality of audit evidence in providing support for the conclusions that form the basis for the auditor’s opinion.</p> <p><b>[Proposed ISA 500 (Revised) Para 7(d)]</b></p> <p><b>Sufficiency</b> (of audit evidence) - The measure of the quantity of audit evidence in providing support for the conclusions that form the basis for the auditor’s opinion.</p>	<p><b>Evidence</b> – Information, <u>to which procedures have been applied</u>, used by the practitioner <u>to draw conclusions that form the basis for arriving at</u> the practitioner’s <u>assurance</u> conclusion <u>and report</u>. <del>Evidence includes both information contained in relevant information systems, if any, and other information.</del> For purposes of the ISSAs:</p> <p>(i) <b>Sufficiency of evidence</b> is the measure of the quantity of evidence.</p> <p>(ii) <b>Appropriateness of evidence</b> is the measure of the quality of evidence.</p>	<p>The definitions of “audit evidence,” “appropriateness (of audit evidence),” and “sufficiency (of audit evidence)” were revised in the recent Exposure Draft of Proposed ISA 500 (Revised). The revisions to the definition of “evidence” reflect the amendments to these definitions in Proposed ISA 500 (Revised).</p>

<sup>10</sup> [Proposed ISA 500 \(Revised\), Audit Evidence](#), currently on exposure for public comment

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14	<p><b>[ISAE 3000 (Revised) Para 12(j)]</b></p> <p><b>Firm</b> – 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><b>[ISA 220 (Revised) Para 12(e)]</b></p> <p><b>Firm</b> – A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.</p>	<p><b>Firm</b> – 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><i><u>Application material</u></i></p> <p><i><u>A1. 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.</u></i></p>	
15	<p><b>[ISAE 3410 Para 14 (k)]</b></p> <p><b>Fraud</b> – 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><b>[ISA 240<sup>11</sup> Para 12 (a)]</b></p> <p><b>Fraud</b> – 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><b>Fraud</b> – 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>	

<sup>11</sup> ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

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16	<p><b>[ISAE 3410 Para (I)]</b></p> <p><b>Further procedures</b> – Procedures performed in response to assessed risks of material misstatement, including tests of controls (if any), tests of details and analytical procedures.</p>	<p><b>[ISA 330<sup>12</sup> Para. 4(a)]</b></p> <p><b>Substantive procedure</b> – An audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise</p> <p>(i) Tests of details (of classes of transactions, account balances, and disclosures); and</p> <p>(ii) Substantive analytical procedures.</p> <p><b>[ISA 330 Para. 4(b)]</b></p> <p><b>Test of controls</b> – 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><b>[ISA 520<sup>13</sup> Para 4]</b></p> <p><b>Analytical procedures</b> – Evaluations of financial information through analysis of plausible relationships among both financial and non-financial data.</p>	<p><del><b>Further procedures</b> – Procedures performed in response to assessed risks of material misstatement, including tests of controls, tests of details and analytical procedures.</del></p> <p><del><b>Test of controls</b> – A procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements of the sustainability information.</del></p> <p><del><b>Analytical procedures</b> – 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.</del></p>	<p>The SATF is conscious that too many definitions may add complexity to the standard, and that some terms may be better described in application material. The SATF is proposing not defining the various types of procedures, and instead explaining them in application material, where appropriate.</p>

<sup>12</sup> ISA 330, *The Auditor's Responses to Assessed Risks*

<sup>13</sup> ISA 520, *Analytical Procedures*

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		<p>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><b>[ISAE 3402<sup>14</sup> Para 9 (q)]</b></p> <p><b>Test of controls</b> – 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>		
17	<p><b>[ISAE 3000 (Revised) Para 12(k)]</b></p> <p><b>Historical financial information</b> – 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</p>	<p><b>[ISA 200 Para 13(g)]</b></p> <p><b>Historical financial information</b> – 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><b>Historical financial information</b> — 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 SATF will further consider the use of this term, based on whether or not it is used in the requirements of Proposed ISSA 5000, which will be determined as the standard is developed.</p>

<sup>14</sup> ISAE 3402, *Assurance Reports on Controls at a Service Organization*

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	circumstances at points in time in the past.			
18	<p><b>[ISAE 3000 (Revised) Para 12(m)]</b></p> <p><b>Intended users</b> – 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 other than those to whom the assurance report is addressed.</p>		<p><b>Intended users</b> – 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>	<p>The SATF considered the application material in paragraphs A16–A18 of ISAE 3000 (Revised). Given the variety of intended users in the context of sustainability reporting, and the notion that sustainability information may be prepared for multiple purposes (e.g., sustainability information focused on users’ interest in enterprise value, versus sustainability information that explains the entity’s impact on the economy, environment or society), more comprehensive application material has been included in Part 3.</p>

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19	<p><b>[ISAE 3000 (Revised) Para 12(I)]</b></p> <p><b>Internal audit function</b> – 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.</p>	<p><b>[ISA 610 (Revised 2013)<sup>15</sup> Para 14(a)]</b></p> <p><b>Internal audit function</b> - 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.</p>	<p><b>Internal audit function</b> – 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.</p>	
20		<p><b>[Proposed ISA 500 (Revised) Para 7(c)]</b></p> <p><b>Management’s expert</b> – 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><u><b>Management’s expert</b> – An individual or organization possessing expertise in a field other than assurance, whose work is used by the entity to assist the entity in preparing the sustainability information.</u></p>	<p>In the related definition in Proposed ISA 500 (Revised), there is a reference to “in a field other than accounting”. Given the broad nature of underlying subject matter in preparing sustainability information, the SATF is of the view that it would not be appropriate to refer to “a field other than sustainability.” assurance.” The SATF also considered referring to “specific expertise,” but</p>

<sup>15</sup> International Standard on Auditing (ISA) 610 (Revised 2013), *Using the Work of Internal Auditors*

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				believed this would create uncertainty on what this means in practice. The SATF believes that the reference to “used by the entity” places a sufficient boundary regarding who this may apply to.
21	<p><b>[ISAE 3000 (Revised) Para 12(o)]</b></p> <p><b>Misstatement</b> – 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><b>[ISA 450<sup>16</sup> Para 4(a)]</b></p> <p><b>Misstatement</b> – 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</p>	<p><b>Misstatement</b> – A difference between the <u>actual measurement, evaluation, presentation and disclosure of the underlying subject matter, sustainability information</u> and <u>how the underlying subject matter should be appropriately measured, or evaluated, presented or disclosed of the underlying subject matter</u>, in accordance with the applicable criteria. Misstatements can arise from error or fraud, may be qualitative or quantitative, and include omissions.</p>	<p>Offline comments in September 2022 suggested that the description in ISA 450 is clearer. Accordingly, the changes since September 2022 reflect further enhancements to reflect appropriate elements of the ISA 450 definition.</p>

<sup>16</sup> ISA 450, *Evaluation of Misstatements Identified during the Audit*

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		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.		
22	<p><b>[ISAE 3000 (Revised) Para 12(p)]</b></p> <p><b>Misstatement of fact</b> (with respect to other information) – Other information that is unrelated 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><b>[ISA 720 (Revised)<sup>17</sup> para. 12(b)]</b></p> <p><b>Misstatement of the other information</b> – 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).</p>	<p><b>Misstatement of the other information</b> – 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).</p>	<p>The SATF noted varying offline views from the Board in September 2022 on this definition. On further consideration, the SATF is proposing considering this definition further when the requirements for “other information” are developed and presented to the Board for discussion (likely March 2023).</p>
23		<p><b>[ISA 220 (Revised) Para 12(g)]</b></p> <p><b>Network</b> – A larger structure:</p> <p>(i) That is aimed at cooperation, and</p>	<p><b>Network</b> – A larger structure:</p> <p>(i) That is aimed at cooperation, and</p>	

<sup>17</sup> ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

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		(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	(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	
24		<b>[ISA 220 (Revised) Para 12(f)]</b> <b>Network firm</b> – A firm or entity that belongs to the firm’s network.	<b>Network firm</b> – A firm or entity that belongs to the firm’s network.	
25	<b>[ISAE 3410 Para 14 (o)]</b> <b>Organizational boundary</b> – The boundary that determines which operations to include in the entity’s GHG statement.		<b>Reporting boundary</b> – <del>The boundary of the entity’s a</del> Activities, operations, relationships or resources <u>to be</u> included in the <u>entity’s</u> sustainability information.  <i><u>Application material</u></i>  <u>A1. 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</u>	The SATF has provided further clarification to support the meaning of reporting boundary. Furthermore, the SATF noted from discussions with the Reference Group that the reporting boundary may change depending on the nature of the underlying subject matter and applicable criteria. This is important to emphasize because it could affect various aspects of the

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			<p><u>financial statements. For example, the reporting boundary 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.</u></p> <p><u>A2. The reporting boundary is determined by the applicable criteria. In some cases, framework criteria may specify the reporting boundary. In other circumstances, the reporting boundary may need to be determined by the entity, in which case the reporting boundary will be entity-developed criteria. The reporting boundary may vary across underlying subject matter (e.g., some key performance indicators may have different boundaries from other key performance indicators because of the nature of the underlying subject matter).</u></p>	<p>engagement (e.g., identifying and assessing risks of material misstatement).</p>

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26	<p><b>[ISAE 3000 (Revised) Para 12(q)]</b></p> <p><b>Other information</b> – 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><b>[ISA 720 (Revised) Para 12(g)]</b></p> <p><b>Other information</b> – Financial or non-financial information (other than financial statements and the auditor’s report thereon) included in an entity’s annual report.</p>	<p><b>Other information</b> – 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>	<p>The SATF noted that there may be complexities associated with this definition, because not all sustainability information presented by the entity may be scoped into the assurance engagement. Accordingly, the SATF will further consider this definition alongside the requirements addressing other information, which will likely be presented in March 2023.</p>
27	<p><b>[ISAE 3410 Para 14 (p)]</b></p> <p><b>Performance materiality</b> – 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</p>	<p><b>[ISA 320<sup>18</sup> Para 9]</b></p> <p><b>Performance materiality</b> – 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</p>	<p><del><b>Performance materiality</b>—A quantitative threshold that is less than quantitative materiality for the sustainability information that is set to reduce aggregation risk to an appropriately low level.</del></p> <p><del><b>Aggregation risk</b>—The probability that the aggregate of uncorrected and</del></p>	<p>The SATF has not used the concept of performance materiality in Part 5 (Planning). Aggregation risk is referred to in application material in Part 5, however since it is not used in a requirement, it does not qualify to be a definition.</p>

<sup>18</sup> ISA 320, *Materiality in Planning and Performing an Audit*

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	<p>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>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><b>[EER Guidance Appendix 1]</b></p> <p><b>Performance materiality</b> – 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><b>[EER Guidance Appendix 1]</b></p> <p><b>Aggregation risk</b> – the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.</p>	<p><del>undetected misstatements exceeds materiality.</del></p>	
28	<p><b>[ISAE 3000 (Revised) Para 12(c)]</b></p> <p><b>Practitioner</b> – The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as</p>		<p><b>Practitioner</b> – The individual(s) conducting the engagement (usually the engagement <del>leader</del>partner or other members of the engagement team, or, as applicable, the firm). Where this ISSA expressly intends that a requirement or responsibility be fulfilled by the engagement <del>leader</del>partner, the</p>	

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	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.		term “engagement <del>leader</del> partner” rather than “practitioner” is used.	
29	<p><b>[ISAE 3000 (Revised) Para 12(s)]</b></p> <p><b>Practitioner’s expert</b> – 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</p>	<p><b>[ISA 620<sup>19</sup> Para 6(a)]</b></p> <p><b>Auditor’s expert</b> – 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 referring to their public sector equivalents where relevant.</p>	<p><b>Practitioner’s expert</b> – 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 SATF noted that there may be complexities associated with this definition because it refers to “expertise in a field other than assurance.” In a sustainability assurance engagement, there is likely a need for a combination of different expertise, and as proposed in line 4, the SATF is proposing a definition of “sustainability competence” that will be used to reflect the notion that the engagement team needs to have appropriate assurance skills and techniques and</p>

<sup>19</sup> International Standard on Auditing (ISA) 620, *Using the Work of an Auditor’s Expert*

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	firm), or a practitioner’s external expert.	<p><b>[ISA 620 Para 6(c)]</b>  <b>Management’s expert</b> – 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><b>[ISA 620 Para 6(b)]</b>  <b>Expertise</b> – Skills, knowledge and experience in a particular field</p> <p><b>[EER Guidance Appendix 1]</b>  <b>Subject matter experts</b> - Experts in the underlying subject matter and its measurement or evaluation.</p>		<p>sustainability competence to perform the engagement. The definition of “practitioner’s expert” affects the applicability of specific requirements dealing with the use of practitioner’s experts (which differ from what is expected when the individual is considered a member of the engagement team).</p> <p>The SATF therefore concluded that this definition should be considered when the requirements dealing with the competence of the engagement team are being addressed. This will likely be presented to the Board in March 2023.</p>
30	<p><b>[ISAE 3000 (Revised) Para 12(t)]</b>  <b>Professional judgment</b> – The application of relevant training, knowledge and experience, within the context provided by</p>	<p><b>[ISA 200 Para 13(k)]</b>  <b>Professional judgment</b> – The application of relevant training, knowledge and experience, within the context provided by auditing, accounting</p>	<p><b>Professional judgment</b> – 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</p>	<p>The SATF did not accept an offline suggestion to refer to “sustainability standards” in place of “auditing, ethical and accounting standards” to be more consistent with the</p>

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	assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.	and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.	that are appropriate in the circumstances of the engagement.	definition in the ISAs. The SATF noted that criteria are not only contained in sustainability standards (i.e., are often entity-developed).
31	<b>[ISAE 3000 (Revised) Para 12(u)]</b> <b>Professional skepticism</b> – An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.	<b>[ISA 200 Para 13(l)]</b> <b>Professional skepticism</b> – 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.	<b>Professional skepticism</b> – 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.	
32		<b>[ISA 220 (Revised) Para 12(j)]</b> <b>Professional standards</b> – International Standards on Auditing (ISAs) and relevant ethical requirements.	<b>Professional standards</b> – International Standards on Sustainability Assurance (ISSAs) and relevant ethical requirements.	
33	<b>[ISAE 3400 para. 3]</b> <b>Prospective financial information</b> – Financial information based on		<del><b>Forward-looking sustainability information</b> – Sustainability information about events that may occur in the future and possible actions by an entity. Forward looking</del>	The SATF noted that these terms will unlikely be used in the requirements, given the standard will be overarching and is unlikely to address

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	<p>assumptions about events that may occur in the future and possible actions by an entity. It is highly subjective in nature and its 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><b>[ISAE 3400 para. 4]</b></p> <p><b>Forecast</b> - 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><b>[ISAE 3400 para. 5] Projection</b> – A “projection” means prospective</p>		<p><del>sustainability information includes forecasts and projections.</del></p> <p><del><b>Forecast</b>—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).</del></p> <p><del><b>Projection</b>—Forward-looking sustainability information prepared on the basis of:</del></p> <p><del>(i) —Hypothetical assumptions about future events and management actions that are not necessarily expected to take place; or</del></p> <p><del>(ii) —A mixture of best-estimate and hypothetical assumptions.</del></p>	<p>specific types of information. As a result, these terms do not need to be defined but may be explained in application material as the standard is developed.</p> <p>The SATF noted that “forward looking information” is used interchangeably with other terms such as “prospective information.” The SATF agreed to consistently use “forward-looking information” as it develops the standard.</p>

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	<p>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 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>			
34		<p><b>[ISQM 1 Para. 16(t)]</b></p> <p><b>Relevant ethical requirements</b> – Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking engagements that are audits or reviews of financial statements or other assurance or related services engagements. Relevant ethical requirements ordinarily comprise the</p>	<p><u>Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements of sustainability information. For professional accountants, relevant ethical requirements ordinarily comprise the provisions of the IESBA Code related to assurance engagements of sustainability.</u></p>	<p>The SATF noted a request from offline comments to provide a definition of relevant ethical requirements. The definition is based on similar definitions in the ISQM and ISA standards. The SATF will further consider whether this definition is needed as the requirements are further developed. The</p>

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		<p>provisions of the IESBA Code<sup>20</sup> related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive.</p> <p><b>[ISA 200 (Revised) Para. 12(k)]</b></p> <p><b>Relevant ethical requirements</b> – Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the audit engagement. Relevant ethical requirements ordinarily comprise the provisions of the IESBA Code related to audits of financial statements, together with national requirements that are more restrictive.</p>	<p><u>information], together with national requirements that are more restrictive. For other practitioners who are not professional accountants, relevant ethical requirements comprise the ethical requirements in relevant law, regulation or professional requirements related to assurance engagements of sustainability information, that are at least as demanding as the IESBA Code.</u></p>	<p>SATF also will update the reference to the IESBA Code regarding sustainability assurance engagements, depending on revisions made by IESBA to address this topic.</p>
35	<p><b>[ISAE 3000 (Revised) Para 12(v)]</b></p> <p><b>Responsible party</b> – The party(ies) responsible for the underlying subject matter.</p>	<p><b>[ISA 200 Para. 13(h)]</b></p> <p><b>Management</b> – The person(s) with executive responsibility for the conduct of the entity’s operations. For some entities in some jurisdictions,</p>	<p><b>Management</b> – 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</p>	

<sup>20</sup> The International Ethics Standards Board for Accountants (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code)

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		<p>management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner–manager.</p> <p><b>[ISA 200 Para. 13(o)]</b></p> <p><b>Those charged with governance –</b> 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 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><b>[EER Guidance Appendix 1]</b></p> <p><b>Preparer</b> - A responsible party who is also the measurer or evaluator.</p>	<p>example, executive members of a governance board, or an owner–manager.</p> <p><b>Those charged with governance –</b> 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 example, executive members of a governance board of a private or public sector entity, or an owner–manager.</p>	

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36		<p><b>[ISA 315 (Revised 2019) Para 12 (j)]</b></p> <p><b>Risk assessment procedures</b> – The audit procedures designed and performed to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels.</p>	<p><b><u>Risk procedures – The procedures designed and performed to:</u></b></p> <p><b><u>(i) In a limited assurance engagement, identify disclosures in the sustainability information where material misstatements are likely to arise, whether due to fraud or error; and</u></b></p> <p><b><u>(ii) In a reasonable assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error.</u></b></p>	<p>The definition helps simplify the requirements throughout the section addressing risk (Part 6), since the definition allows the requirement to only need to refer to “risk procedures.”</p>
37	<p><b>[ISAE 3000 (Revised) Para 12(w)]</b></p> <p><b>Risk of material misstatement</b> — The risk that the subject matter information is materially misstated prior to the engagement.</p>	<p><b>[ISA 200 Para 13(n)]</b></p> <p><b>Risk of material misstatement</b> – 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</p>	<p><b><del>Risk of material misstatement — The risk that the sustainability information is materially misstated prior to the engagement.</del></b></p>	<p>The SATF determined that this definition is not needed because the terms is clear without needing to be explained in a definition.</p>

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		<p>misstatements, before consideration of any related controls.</p> <p>(ii) Control risk – The risk that a misstatement that could occur in 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.</p>		
38	<p><b>[ISAE 3000 (Revised) Para 12(x)]</b></p> <p><b>Subject matter information</b> – The outcome of the measurement 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><b>[ISA 200 Para 13(g)]</b></p> <p><b>Historical financial information</b> – 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><b>[ISA 200 Para 13(f)]</b></p> <p><b>Financial Statements</b> – A structured representation of historical financial</p>	<p><b>Sustainability information</b> – Information that results from measuring or evaluating the <u>sustainability underlying</u> subject matter against the applicable criteria.</p> <p><i><u>Application material</u></i></p> <p><u>A1. The practitioner may be engaged to perform an assurance engagement on only certain sustainability information reported by the entity, for example, certain key performance indicators. For the</u></p>	<p>The SATF noted that the term “sustainability information” is used in Proposed ISSA 5000 to describe:</p> <p>(a) All information prepared by the entity in accordance with the criteria; or</p> <p>(b) Only the information within the scope of the assurance engagement.</p>

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		<p>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>	<p><u>purpose of this ISSA, "sustainability information" should be interpreted in the context it is being used, i.e.,</u></p> <p><u>(a) In some cases, sustainability information refers to all sustainability information reported by the entity</u></p> <p><u>(b) In other cases, sustainability information refers only to the sustainability information within the scope of the assurance engagement.</u></p>	<p>The SATF debated whether to have specific terms to differentiate between the two meanings but concluded that doing so would add unnecessary complexity to the standard and the term "sustainability information" can be easily understood in the context in which it is being used.</p>
39		<p><b>[ISA 450 Para 4(b)]</b></p> <p><b>Uncorrected Misstatement -</b> Misstatements that the auditor has accumulated during the audit and that have not been corrected.</p>	<p><u><b>Uncorrected misstatements - Misstatements that the practitioner has accumulated during the assurance engagement and that have not been corrected.</b></u></p>	

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40	<p><b>[ISAE 3000 (Revised) Para 12(y)]</b></p> <p><b>Underlying subject matter</b> — The phenomenon that is measured or evaluated by applying criteria.</p>	<p><b>[EER Guidance Appendix 1]</b></p> <p><b>Reporting topics</b> - Relevant (aspects of) underlying subject matter.</p>	<p><b><u>Underlying Sustainability subject matter</u></b> – <del>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.</del> <u>What is being measured or evaluated in accordance with the applicable criteria.</u></p>	<p>In September 2022, the Board had varying views regarding this definition. The SATF has responded to the feedback as follows:</p> <p><i>Reverting to “underlying subject matter”</i></p> <p>While the SATF agrees that “underlying subject matter” is technically accurate, “sustainability subject matter” may better resonate with practitioners. The SATF sought feedback from one Reference Group, which indicated that “underlying subject matter” is well understood in practice and agreed that it is a more accurate term because what is being measured may not be strictly limited to sustainability-related matters. Therefore, on balance, the</p>

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				<p>SATF agreed to retain “underlying subject matter.”</p> <p><i>Replacing the term “phenomenon”</i></p> <p>The SATF noted that this term is complex. The SATF has proposed simplifying the description to refer to “what” is being measured.</p> <p><i>Describing what the subject matter relates to</i></p> <p>In September 2022, the SATF proposed an embedded description of “sustainability.” Given the Board’s feedback, the SATF agreed to instead describe “sustainability” in the scope of the standard (i.e., when describing when the standard applies). Accordingly, this description was removed.</p>