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ASSET

Accounting for Sustainability, Social and Environmental Transparency

TEACHING MODULE 2
Providing Assurance on Sustainability Reports

GLOSSARY
Based on the provisions of the CSRD, ISSA 5000 and ISAE 3000

A

Assurance Engagement
Assurance engagements are engagements in which a practitioner aims to obtain sufficient appropriate evidence to express a conclusion, designed to enhance the degree of confidence of the intended users about the subject matter information.

Assurance Provider / Practitioner
The independent professional (typically an auditor or assurance team) who performs the assurance engagement and issues the assurance report.

Assurance Report
The practitioner's written report containing the conclusion of the assurance engagement.

Appropriate Evidence
Evidence that is both relevant and reliable enough to support the assurance conclusion.

C

Corporate Sustainability Reporting Directive (CSRD)
EU legislation requiring companies to disclose sustainability information in their management reports and obtain assurance over that information.

Criteria
The benchmarks used to measure or evaluate the underlying subject matter. Criteria may be established by laws, regulations, or recognized bodies, or developed by the reporting entity. Suitable criteria exhibit relevance, completeness, reliability, neutrality, and understandability.

Clean Conclusion
An assurance conclusion indicating that no material misstatements were identified.

D

Disclaimer of Conclusion
A modified conclusion issued when the practitioner cannot obtain sufficient appropriate evidence due to significant scope limitations.

Double Materiality
A CSRD concept requiring companies to consider both:
- How sustainability issues affect the company (financial materiality).
- How the company affects society and the environment (impact materiality).

E

Engagement Risk
The risk that the practitioner expresses an inappropriate conclusion when the sustainability

information contains material misstatements.

ESRS (European Sustainability Reporting Standards)
The reporting standards developed for CSRD sustainability disclosures.

Evidence
Information used by the practitioner in arriving at the practitioner's conclusion. Evidence includes information obtained through assurance procedures and may be obtained from internal or external sources.

ESEF (European Single Electronic Format)
The electronic reporting format required for certain corporate reporting under EU regulations.

F

Framework Criteria
Criteria established by recognized standard-setters, laws, or regulations and used as a benchmark for reporting and assurance.

I

IAASB (International Auditing and Assurance Standards Board)
The international body that issues assurance standards, including ISAE 3000 and ISSA 5000.

Inherent Limitations
The unavoidable constraints that prevent assurance engagements from providing absolute certainty, especially for future-oriented and qualitative information.

Intended Users
The individual(s), organization(s), or groups thereof whom the practitioner expects will use the assurance report.

ISAE 3000 (Revised)
The International Standard on Assurance Engagements applicable to non-financial assurance engagements, including sustainability assurance before the introduction of ISSA 5000.

ISSA 5000
The International Standard on Sustainability Assurance, specifically designed for assurance engagements on sustainability information.

L

Limited Assurance
The initial level of assurance required by the CSRD for sustainability reporting. The

assurance provider expresses a negative conclusion after performing less extensive procedures than would be required for reasonable assurance.

Limited Assurance Engagement

An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement and serves as the basis for expressing a conclusion in a negative form.
Typical reporting format: "Nothing has come to our attention that causes us to believe..."

Limited Assurance Conclusion

A conclusion expressed in negative form because the assurance obtained is lower than reasonable assurance.

M

Material Misstatement

An error, omission, or inaccurate disclosure that could reasonably influence users' decisions.

Materiality

Misstatements, including omissions, are considered material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of intended users taken on the basis of the subject matter information. Materiality depends on quantitative factors, qualitative factors and professional judgment.

Modified Conclusion

A conclusion issued when material misstatements or scope limitations exist. It may be qualified, adverse, or a disclaimer.

P

Practitioner

The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm).

Professional Judgment

The application of expertise and experience in making decisions regarding materiality, evidence, and conclusions.

Professional Skepticism

An attitude that includes a questioning mind, being alert to conditions that may indicate possible misstatement, and a critical assessment of evidence.

The standards emphasize alertness to inconsistent evidence, unreliable information and indications of misstatement, circumstances requiring additional procedures.

Q

Qualified Conclusion

A modified conclusion indicating that a specific issue exists, but it is not pervasive enough to invalidate the entire sustainability report.

Quality Control
Policies and procedures ensuring assurance engagements comply with professional standards and ethical requirements.

Quantitative Materiality
Materiality assessed using numerical measures such as monetary values, percentages, or KPI thresholds.

Qualitative Materiality
Materiality assessed using non-numerical factors such as regulatory compliance, stakeholder impact, or reputational implications.

R

Reasonable Assurance
A high, but not absolute, level of assurance achieved through extensive procedures and evidence gathering.

Reasonable Assurance Conclusion
A positive conclusion, such as: "In our opinion, the sustainability information is free from material misstatement."

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 expressing a conclusion in a positive form.
Typical reporting format: "In our opinion..."

Relevance (of criteria)
The extent to which criteria address important sustainability issues and support stakeholder decision-making.

Reliability (of criteria)
The ability of criteria to enable consistent, repeatable, and objective measurement.

Responsible Party
The party(ies) responsible for the underlying subject matter. In sustainability assurance, this is typically the reporting entity's management.

S

Scope Limitation
A restriction preventing the practitioner from obtaining sufficient appropriate evidence.

Subject Matter
The phenomenon that is measured or evaluated by applying criteria. Examples: greenhouse gas emissions, workforce diversity, water consumption, governance practices.

Subject Matter Information

The outcome of applying criteria to the underlying subject matter. Examples include

sustainability disclosures, KPIs, narrative explanations, ESG metrics reported by the entity.

Sufficiency of Evidence

The measure of the quantity of evidence. The quantity of evidence needed is affected by the risk of material misstatement and the quality of evidence obtained.

Sustainability Information

Information resulting from measuring or evaluating sustainability matters against appropriate criteria. This may include environmental, social, governance (ESG) information presented as metrics, KPIs, targets, estimates, or narrative disclosures.

Sustainability Assurance

An independent evaluation of sustainability information to determine whether it is free from material misstatement and prepared according to applicable criteria.

T

Taxonomy Regulation (EU Taxonomy)

The EU framework that classifies environmentally sustainable economic activities and requires related disclosures.

Testing of Controls

Procedures used to evaluate whether controls over sustainability reporting are properly designed and operating effectively.

Three-Party Relationship

A fundamental assurance concept involving:

1. Practitioner (assurance provider)
2. Responsible party (reporting entity)
3. Intended users (stakeholders)

U

Understandability

A characteristic of suitable criteria requiring sustainability information to be clear and comprehensible to users.