



**International Federation of Accountants**

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## Agenda Item B.6

**Committee:** IAASB Consultative Advisory Group

**Meeting Location:** Basel

**Meeting Date:** March 3-4, 2008

### Report Back—Assurance on Carbon Emissions Information

#### Objectives of Agenda Item

1. The objective of this Agenda Item is to provide a brief report back on the proposals of Representatives on the IAASB Project Proposal on “Assurance Engagements on Carbon Emissions Information” discussed at the September 20-21 2007 CAG meeting.
2. The IAASB plans to review an Issues Paper during 2008. The planned timetable for this project is set out in the Tentative Project Timetable for 2009-2011 in Appendix 3 of the draft IAASB *Strategy and Work Program, 2009-2011* (Agenda Item I.1).

#### Report Back – September 20-21, 2007 CAG Proposals

3. Below are extracts from the minutes of the September 20-21, 2007 CAG meeting<sup>1</sup> related to discussion of the Project Proposal, and an indication of how the IAASB responded to the Representatives’ comments.

Representatives’ comments	IAASB response
<p>The Representatives commented as follows:</p> <ul style="list-style-type: none"> <li>• Mr. Krantz expressed his strong support for the project. He explained that the notes to entities’ financial statements and other reports often include disclosures about sustainability issues that should be assured. He also noted that some members of the World Federation of Exchanges have set up energy exchanges.</li> <li>• Ms. Blomme commented that FEE had often encouraged the IAASB to commence a project on assurance on sustainability reporting but was conscious that the Clarity project needed to be the first priority. Given that the Clarity project is</li> </ul>	<ul style="list-style-type: none"> <li>• In voting unanimously to adopt a project on “Assurance on Carbon Emissions Information,” the IAASB noted the public interest in having disclosures about broader sustainability issues assured, and noted that the growing economic activity related to carbon trading has added impetus to this project.</li> <li>• The IAASB agreed that a project on emissions is an appropriate starting point as it is more narrowly focused and can draw upon existing directives/guidance/protocols, such as those drawn up for the European Emissions Trading</li> </ul>

<sup>1</sup> The minutes will be approved at the March 2008 IAASB CAG meeting.

## IAASB CAG PAPER

### IAASB CAG Agenda (March 2008)

#### Agenda Item B.6

#### Report Back—Assurance on Carbon Emissions Information

Representatives' comments	IAASB response
<p>scheduled for completion in 2008, she noted that now is an opportune time to commence a sustainability project. FEE would prefer that the broader project (i.e., reviewing the Dutch standard) be commenced, but accepted that a project on emissions may be an easier starting point as it is more narrowly focused, and could draw upon directives/guidance/protocols drawn up for the European Emissions Trading Scheme. If the emissions project is commenced, FEE would still like the broader project to be undertaken in time.</p> <ul style="list-style-type: none"><li>• Mr. Cassel noted that he is very much in favor of the proposed project. He noted that some members of INTOSAI may prefer the broader project to be undertaken.</li><li>• Mr. Damant noted that he preferred any project to be focused on a topic such as, in this case, emissions, because it would be difficult to draw a boundary around the broader topic of assurance on sustainability reporting in general. He also noted, however, that from a financial analysis point of view, if a company has environmental issues, they should be disclosed.</li></ul>	<p>Scheme. The possibility of adopting a broader sustainability assurance project will be considered when next considering the IAASB strategy, scheduled for the March 2008 IAASB meeting.</p> <ul style="list-style-type: none"><li>• The INTOSAI Working Group on Environmental Auditing will be asked to nominate an active participant for this project.</li><li>• The IAASB noted the public interest in companies making broader sustainability disclosures, and having them assured, but agreed that it would be difficult to draw a boundary around such a topic and, therefore, prefers a project on emissions as a starting point.</li></ul>