RESPONSE FROM GRI

PUBLIC CONSULTATION
IAASB PROPOSED NON-AUTHORITATIVE GUIDANCE:
EXTENDED EXTERNAL REPORTING (EER) ASSURANCE
(MARCH 2020)

13 July 2020
1. GRI helps businesses, governments, and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, governance and social well-being. Our core product is the GRI Sustainability Reporting Standards (GRI Standards), which are developed through a transparent, multi-stakeholder process and are issued by the Global Sustainability Standards Board (GSSB), an independent standard-setting body created by GRI. For more information and to download the GRI Standards for free please visit: www.globalreporting.org.

2. The GRI Standards provide a comprehensive framework for organizations to report their economic, environmental and social impacts. The reported information is expected to be of a reliable nature and the preparer is required to gather, record, compile, analyze, and report information and processes used in the preparation of the sustainability report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.

3. The use of external assurance for sustainability reports is recommended by GRI to enhance the credibility of sustainability reports. Disclosure 102-56 External assurance in GRI 102: General Disclosures 2016 requires all organizations reporting in accordance with the GRI Standards to describe their policy and current practice with regard to seeking external assurance for their report, and to provide further information if the report has been externally assured.

Initial comments and observations

4. We thank the IAASB for taking on this project with the support of the WBCSD to provide guidance to assist assurance practitioners undertaking assurance engagements on EER. Such guidance will prove very useful in a challenging and rapidly evolving area, and GRI welcomes the opportunity to provide feedback to the IAASB on its proposed guidance.

5. This guidance is being developed at a time when there are increased demands for sustainability reports to be assured, that the scope of the assurance extends to qualitative as well as quantitative information, and in some cases that reasonable assurance opinions be provided. It is hoped that this guidance will assist in such assurance engagements being conducted in a more consistent manner.

General comments

6. Since the IAASB project to develop this guidance was commenced, there has been further development in the area of EER or non-financial reporting. It may therefore be the case that the guidance is not addressing all challenges, such as:
   a. developments in technology that affect reporting, such as real-time or web-based reporting and impacts on assurance practitioners competencies when complex IT systems are used for data collection and reporting,
   b. integrated reporting of financial and non-financial information within the same report and whether one assurance report can be provided for the entire report.

Question 1

Does the draft guidance adequately address the challenges for practitioners that have been identified as within the scope of the guidance? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?
Response

7. The guidance is comprehensive and covers a wide range of different types of Extended External Reporting engagements, different concepts and further guidance to support the key principles in ISAE 3000 (Revised) ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’. It provides much needed detailed and specific guidance for practitioners which until now has been absent, with the exception of more specific guidance that was provided in ISAE 3410 ‘Assurance on a Greenhouse Gas Statement’.

8. We are pleased to see that the ‘process for identifying reporting topics’ has a dedicated chapter (Chapter 6) in the guidance, and that whilst not a requirement of ISAE 3000, some frameworks, such as the GRI Standards, require preparers to report this process and its outcome. Even if not required it is useful since it can provide evidence as to whether the criteria are suitable.

Question 2

Is the draft guidance structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?

Response

9. The consultation paper suggests some different ways of structuring or ordering the chapters, but the order in which they are currently given is satisfactory, in that they provide a sequential order of moving through the various stages of an assurance engagement.

10. The use of the supplements makes the content more accessible and navigable. Moving conceptual background information to Supplement A helps those practitioners who need this type of information to understand some of the underlying concepts easily reference it, whilst other more experienced practitioners who may not need this level of information can directly utilize the content in the main guidance.

11. Moving longer and more complex case studies into Supplement B also makes the guidance more accessible. This was very much needed since the scope of Extended External Reporting is very wide ranging and having more detailed bespoke examples to address a range of needs make the guidance more practical, digestible and accessible. These more detailed case-studies also provide more comprehensive examples that demonstrate application of the guidance in practice. For practitioners this is very helpful.

12. We would recommend that there is still some consideration needed on how to provide this guidance and the supplements in an online format that allows for easier navigation. The very lengthy pdf documents do not lend themselves to ease of moving between different sections, and at the very least should include hyperlinks.

13. The placement of the ‘professional skepticism’ and ‘professional judgment’ symbols throughout the guidance are helpful since these are not concepts that can be addressed in one place only and practitioners should continue to consider them throughout an entire engagement. Providing a summary all areas or examples where these concepts are relevant or highlighted could be helpful.