EMERGING BEST PRACTICES

Regulatory frameworks should be designed to promote rigor and define the scope of what companies report and have assured—resulting in robust, decision-useful information. Regulation should disincentivize compliance-based reporting and assurance.

Aligning sustainability disclosure with financial reporting (i.e., applying an integrated mindset, improving timeliness, and including disclosures in management commentary or integrated reports) should break down information silos within companies and support an interconnected approach to both reporting and assurance.

Interconnecting sustainability assurance with financial statement audit engagements leverages the skills and competencies of professional auditors as well as their knowledge of company strategy, governance, business model, risks/opportunities, and performance—maximizing value to companies and their stakeholders.

Over time, transitioning from the current practice of limited assurance to reasonable assurance engagements would further enhance trust and confidence.

A proportional and phased approach to new reporting and assurance requirements, especially for smaller enterprises, allows appropriate time for implementation.

HIGH-QUALITY GLOBAL STANDARDS

A harmonized, global reporting system based on the Building Blocks Approach provides the ideal basis for robust, high-quality assurance. Sustainability standards should be developed with assurance in mind and assurance processes need to align with reporting frameworks.

Regulatory fragmentation at the global level creates unnecessary costs and reduces comparability and consistency. This applies to standards for reporting and assurance of sustainability information.

To meet stakeholder needs, ISAE 3000 (Revised) requires practitioner competence, compliance with quality control/management standards, and an ethical framework. This is the most globally-accepted standard and the logical foundation for driving evolution and consistency in sustainability assurance engagements.

Regulation and enforcement must deliver uniform application of standards across different service providers of sustainability assurance engagements. To do otherwise introduces doubt and confusion about the integrity and reliability of reported information.

Sustainability assurance depends on practitioners exercising professional judgement and skepticism and acting with independence—all in accordance with an ethical framework such as the IESBA Code.

ASSURANCE ENHANCES THE CREDIBILITY OF REPORTING

Authorities and regulators should maximize trust and confidence in sustainability disclosure by requiring high-quality assurance.

SUPPORTING THE ECOSYSTEM

- Corporate governance should provide effective oversight of all reported information, including over the drivers of enterprise value and/or societal impacts relevant to strategic decision-making, risk management, and investor/stakeholder confidence.
- Multidisciplinary firms enable professional accountants to be on the leading edge of sustainability subject matter expertise and to deliver value-added services.
- Professional accountancy organizations should provide member support, education, and technical guidance as well as promote high-quality reporting and assurance through discussions with policymakers, regulators, investors, and other stakeholders.
- Current legal liability regimes need to be updated to better ensure high-quality sustainability disclosure and assurance thereon.

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