

The development of ESG reporting and assurance readiness: Bridging global and local perspectives

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Sustainability reporting and assurance practices of largest global companies continue to mature, IFAC, AICPA & CIMA study shows

Almost all companies (98%) report some information on sustainability. That's an increase from 91% in 2019, when IFAC, AICPA & CIMA first began conducting research in this area.

Accountancy firms (as opposed to consultants or other service providers) handled 58% of the assurance engagements related to sustainability in 2022, a percentage point better than the previous year.



The mix of reporting standards used by companies remains fragmented



of companies obtained assurance on at least some of their sustainability disclosures, up five percentage points from last year and 18 percentage points from 2019. The scope of assurance areas also expanded, yet still remains limited in general.

On a positive note, the study found over half of companies use the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD) Framework, which should ease the transition to the International Sustainability Standards Board (ISSB) standards, which were released last year.

Source: <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/state-play-sustainability-assurance>

An overview of sustainability assurance-Indonesia

Reported some ESG information

2022

40%

20 of 50

2021

32%

16 of 50

2020

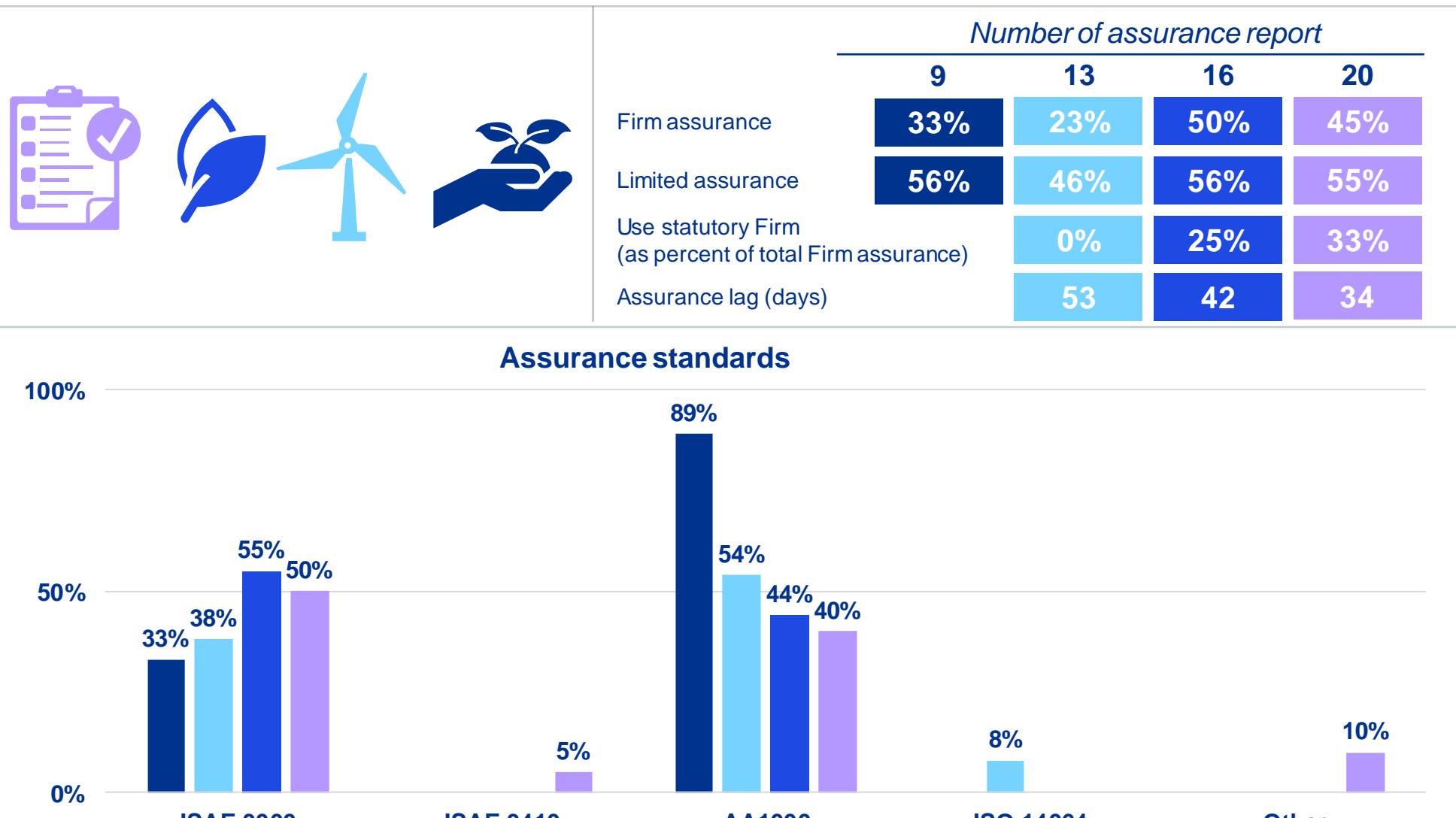
26%

13 of 50

2019

20%

9 of 45



KPMG ESG Assurance Maturity Index 2024

KPMG surveyed senior executives and board members with ESG reporting and assurance knowledge at

2024 **2023**
1000 companies vs **750 companies**

across industries, global regions, with a mean revenue of **US\$18.9 B (2024)** and **US\$15.6B (2023)**

Each pillar is supported by one or more questions from the survey. The scores from each question within a pillar were averaged to arrive at the overall score for the pillar. The pillar scores were then weighted as follows:

Governance	Skills	Data management	Digital technology	Value chain*
0.25	0.25	0.25	0.15	0.10

**Survey respondents were originally asked about 'supply chain' but as this area develops, supply chain is now being thought of as 'value chain' so we have updated our language to align with current terminology.*

Source: <https://kpmg.com/xx/en/home/media/press-releases/2023/09/kpmg-esg-assurance-maturity-index.html>



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The KPMG ESG Assurance Maturity Index is composed of

Five pillars

designed to help companies measure progress in each of these areas:

The Index, measured on a basis of **0–100**, examines the progress companies have made in these areas to gauge the relative maturity of a company's ESG reporting program in order to assess its assurance readiness.

Based on their rankings, companies are classified as

Leaders **Advancers** **Beginners**
(the top 25th percentile) (the next 50th percentile) (the bottom 25th percentile)

Research was conducted between

2024: February – April 2024; **2023:** April — June 2023.

KPMG ESG Assurance Maturity Index 2024 – Executive summary

Firms that must now report ESG data or will soon be required to do so:

2024 2023
75% vs **66%**



Firms that have the ESG policies, skills, and systems in place to be ready for ESG assurance:

2024 2023
29% vs **25%**



Leaders who see digital tools as being key to being ready to obtain ESG assurance:

2024 2023
46% vs **65%**



Leaders who now place robust, product-specific requirements on their suppliers:

2024 2023
42% vs **28%**



Beginners who say it is challenging to balance ESG assurance goals with Shareholders profit expectations:

2024 2023
65% vs **55%**



Companies with clear audit trail to support their non-financial information:

2024 2023
29% vs **26%**

Leaders top business benefits

Decreased costs
56% vs **44%**

Greater market share
62% vs **56%**

Reduced legal and regulatory interventions
55% vs **52%**

Stronger reputation
54% vs **47%**

Five steps to help you become ready for ESG assurance

1. Determine applicable ESG standards
2. Build robust ESG governance and develop the right skills
3. Identify the applicable ESG disclosures and data requirements across functions
4. Digitize ESG data processes and strive to ensure high quality data
5. Work with the value chain to collect ESG information

Source: <https://kpmg.com/xx/en/home/media/press-releases/2024/06/29-percent-of-companies-feel-ready-to-have-esg-data.html>

Existing International Assurance Standards

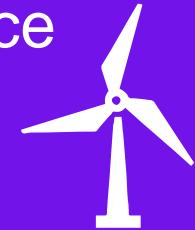
ISAE 3000 (Revised),
Assurance
Engagements other
than Audits or
Reviews of
Historical Financial
Information



ISAE 3410,
Assurance
Engagements on
Greenhouse Gas
Statements



Non-Authoritative
Guidance on Applying
ISAE 3000 (Revised) to
Sustainability and
Other Extended External
Reporting Assurance
Engagements



Existing Indonesia Assurance Standards

SPA 3000 (Revision 2022), Assurance Engagements other than Audits or Reviews of Historical Financial Information



SPA 3410, Assurance Engagements on Greenhouse Gas Statements



Non-Authoritative Guidance on Applying SPA 3000 (Revision 2022) to Sustainability and Other Extended External Reporting Assurance Engagements



The proposed International Standard on Sustainability Assurance (ISSA) 5000

The proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*, will serve as a comprehensive, standalone standard suitable for any sustainability assurance engagements. It will apply to sustainability information reported across any sustainability topic and prepared under multiple frameworks, including the recently released IFRS Sustainability Disclosure Standards S1 and S2. The proposed standard is profession agnostic, supporting its use by both professional accountant and non-accountant assurance practitioners.

The final standard will be issued before the end of 2024.

Source:

<https://www.iaasb.org/publications/proposed-international-standard-sustainability-assurance-5000-general-requirements-sustainability>



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