

More companies obtaining independent assurance on sustainability data, according to global study by IFAC, AICPA and CIMA

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- *58% of global companies obtained ESG assurance in 2020*
- *Assurance engagements were mostly limited in scope*
- *61% of ESG assurance services were performed by professional accounting firms, with substantial variation in practice within different jurisdictions*

The number of global companies obtaining independent assurance on their environmental, social and governance (ESG) information increased from 51% to 58% in 2020, compared to the previous year, according to [new data](#) from the International Federation of Accountants (IFAC), American Institute of CPAs (AICPA) and Chartered Institute of Management Accountants (CIMA), the latter two of which represent the unified voice of the Association of International Certified Professional Accountants.

The 2020 information released today is an update to the accounting bodies' inaugural study last year that examined global trends in both sustainability-related reporting and its assurance. This latest update offers the first benchmark of progress relative to the original data. A follow-up study that incorporates 2021 information is expected to be released at a later date.

When it comes to ESG assurance, 82% of engagements were limited in scope in 2020, essentially the same as in 2019 (83%). Some 61% of assurance engagements were performed by audit firms on a global basis, a slight decline from the previous year (63%). Jurisdictions with some of the highest rates of assurance performed by professional accountants include Australia, France, Italy, Germany and Spain. In other countries, including South Korea, the United Kingdom and the United States, most assurance engagements are conducted by service providers outside of the accountancy profession. Professional accountants have high professional standards, including independence, and are subject to regulatory oversight, which is critical in this space.

On the reporting side, the study found 92% of global companies provided some ESG data to investors, either through integrated, annual or standalone reports. The use of, or reference to, Sustainability Accounting Standards Board (SASB) standards more than doubled in 2020. This is important because new disclosure proposals from the International Sustainability Standards Board (ISSB) include and build upon SASB standards. (SASB's parent organization, the Value Reporting Foundation, will consolidate into the IFRS Foundation on Aug. 1, 2022, to support the work of the ISSB.)

"It's encouraging to see continued high levels of reporting on sustainability information and an overall increase in assurance globally," said IFAC CEO Kevin Dancey. "But our research tells us that 80% of companies are using multiple frameworks or standards, which results in data that is not consistent, comparable or decision-useful for investors, stakeholders or society at large. Sustainability reporting and assurance will only reach its full potential when it is based on a harmonized global system led by the International Sustainability Standards Board's comprehensive baseline of disclosure."

The 2020 study data also shows 89% of companies presented at least some information in each of four categories: greenhouse gasses, other environmental factors, social and governance. Yet only 43% provided assurance for all four categories. The most common area for independent assurance was greenhouse gases (95%).

Seventy percent of global companies that engaged a professional accounting firm to perform the ESG assurance engagement chose the firm that audits their financial statements.

"High-quality reporting requires high-quality assurance," said Susan S. Coffey, CPA, CGMA, AICPA & CIMA's CEO of

public accounting. “Auditors already have a holistic view of a company’s risk profile, structure and processes, so it makes sense for that firm to also engage in ESG assurance. Professionally qualified and licensed accountants have the requisite expertise, objectivity, integrity and commitment to professional standards that are essential for instilling trust in ESG reporting.”

About the study

IFAC and AICPA & CIMA partnered with [Audit Analytics](#) to understand the state of play involving environmental, social, and governance (ESG) reporting and assurance practices on a global basis. The inaugural version of the study was published last year. This [latest update](#) reviewed data from 1,400 global companies from the G20 nations plus Hong Kong S.A.R., China and Singapore. The full methodology is referenced within the study.

About IFAC

IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 180 members and associates in 135 jurisdictions, representing more than three million accountants in public practice, education, government service, industry, and commerce.

About the Association of International Certified Professional Accountants, and AICPA & CIMA

The Association of International Certified Professional Accountants (the Association), representing AICPA & CIMA, advances the global accounting and finance profession through its work on behalf of 689,000 AICPA and CIMA members, students and engaged professionals in 196 countries and territories. Together, we are the worldwide leader on public and management accounting issues through advocacy, support for the CPA license and specialized credentials, professional education and thought leadership. We build trust by empowering our members and engaged professionals with the knowledge and opportunities to be leaders in broadening prosperity for a more inclusive, sustainable and resilient future.

The American Institute of CPAs (AICPA), the world’s largest member association representing the CPA profession, sets ethical standards for its members and U.S. auditing standards for private companies, not-for-profit organizations, and federal, state and local governments. It also develops and grades the Uniform CPA Examination and builds the pipeline of future talent for the public accounting profession.

The Chartered Institute of Management Accountants (CIMA) is the world’s leading and largest professional body of management accountants. CIMA works closely with employers and sponsors leading-edge research, constantly updating its professional qualification and professional experience requirements to ensure it remains the employer’s choice when recruiting financially trained business leaders.

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