ACCOUNTANCY EUROPE.

wbcsd

Responding to assurance needs on non-financial information

Analysis of expert feedback

AUDIT & ASSURANCE

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FACTS.

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1 Highlights

Non-financial information (NFI) provides a clearer picture of a company's financial performance than only financial information. NFI is increasingly important for investors and other stakeholders, who ask for assurance on NFI as they want to know whether they can trust the reported information.

Due to different levels of maturity in NFI reporting, professional accountants approach NFI assurance engagements in different ways. Therefore, we examine six key steps for NFI assurance as included in our 2017 discussion paper *How to respond to assurance needs on non-financial information?*.

We requested feedback on these key steps and organised a workshop on the practical challenges of NFI assurance with the World Business Council for Sustainable Development (WBCSD).

This report analyses the expert feedback we received to both initiatives. We focus on the main challenges these experts identified and what solutions they proposed to strengthen NFI assurance practices.

② Foreword

Olivier Boutellis-Taft – Accountancy Europe CEO

People need to be able to rely on corporate information to decide if they will invest, buy products or sign an employment contract.

NFI is essential to get the full picture of a company's performance, which financial information alone cannot provide anymore. Such information needs to be trustworthy to strengthen confidence in companies and in markets.

Especially in the era of fake news, the trustworthiness determines the value and impact of information. Currently, NFI is not subject to the same level of assurance as audited financial information. Independent assurance can enhance the quality and reliability of the NFI that companies report. Professional accountants have experience in providing independent assurance and reporting, and they abide by standards on quality and ethics.

Accountancy Europe has been very active in contributing to the current debate on wider corporate reporting, including NFI reporting, and independent assurance. People require diverse information about companies. Accountancy Europe's Core & More concept promotes corporate reporting in a more connected and structured way to better respond to growing stakeholders' needs. To assist companies with non-financial reporting, Accountancy Europe has done several projects clarifying the EU Non-Financial Reporting Directive requirements that over 6,000 large companies need to comply with (see https://www.accountancyeurope.eu/tag/non-financial-information/).

A practical business perspective is indispensable to make assurance on NFI reporting a reality.

This is why we are delighted to team up with the World Business Council for Sustainable Development (WBCSD). Our jointly organised workshop in December 2017 brought together experts on this matter to consider current challenges and reflect on a roadmap for next steps to improve NFI assurance practice. By working with WBCSD, we combine expertise from business and professional accountants.

Via reporting and assurance, professional accountants help build a financial system that supports sustainable economies. They support companies shifting their focus to long-term horizons and help emphasise value creation for the business and its key stakeholders. We will keep engaging with WBCSD and other stakeholders to contribute the profession's expertise to sustainable finance in Europe.

② Foreword

Peter Bakker – President and CEO of World Business Council for sustainable Development

Understanding non-financial risks and opportunities is becoming increasingly critical for the success of individual businesses and the financial community at large.

Ten years ago, the top global risks in terms of impact and likelihood didn't include social or environmental issues for the most part. But today they make up four of the top five - including extreme weather events, water crises, major natural disasters, as well as climate change mitigation and adaptation.

Historically, companies haven't been able to address these kinds of risks very well, and as a result, the financial community hasn't been able to include this critical information when making their investment decisions. This needs to change.

The time has come for finance professionals and boards to identify the full array of possible risks and opportunities to create longer term value for business, society and the environment.

The EU Non-Financial Reporting Directive marks a major shift in the drive to understand and manage the challenges faced by businesses in an uncertain world.

Under the Directive, "EU law requires large companies to disclose certain information on the way they operate and manage social and environmental challenges. This helps investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance of large companies and encourages these companies to develop a responsible approach to business."

Through this, assurance will become an important element of data verification and trust-building as companies and the financial community enter into new territory.

WBCSD supports the work of Accountancy Europe to consider the role that assurance plays in improving the quality of information reported by companies against the newly implemented EU Non-Financial Reporting Directive.

The Redefining Value work at WBCSD, continually stresses the importance of sustainability information being useful for making financial decisions and are pleased to see Accountancy Europe step up to the challenge. For far too long sustainability practices have sat outside of the mainstream and not embedded within the business model of the company.

Now, however, the companies that achieve integration are the ones that thrive.

This work is a step in the right direction.

On an annual basis, WBCSD reviews the sustainability reporting of our member companies and presents the results in Reporting Matters – an annual publication on corporate sustainability reporting trends. Accountancy Europe has included the collected data on assurance practices, to provide relevant context to the challenges ahead in the assurance of sustainability information as to move beyond the barriers quickly and efficiently.

Working together will strengthen reporting and assurance practices to help companies manage risk and seize opportunities, while giving the financial system the information it needs to channel investment towards the most sustainable companies – companies which are measured by their true cost, true profit and true value.

3 Introduction

NFI reporting is increasingly important for investors and other stakeholders, but the practice is more mature in certain countries than in others. For example, Denmark has mandatory sustainability reporting since 2009, but many European countries implemented NFI reporting requirements only in 2017 as a result of the EU NFI Directive transposition. Regardless, even in countries where companies have a history in NFI reporting, the quality is not yet as robust and reliable as could be expected.

Independent assurance on NFI is not mandatory in the majority of European countries. Evidence shows, however, that companies which ask for independent assurance on their NFI reports usually have better reporting practices. The assurance practitioner can identify issues and suggest areas of improvement. Given the different level of maturity of NFI reporting, assurance practitioners approach assurance engagements over NFI differently across jurisdictions and even across firms.

We published a discussion paper *How to respond to assurance needs on non-financial information?* that set out the context of NFI reporting and assurance and outlined six key steps assurance practitioners follow when conducting the NFI assurance engagement. The discussion paper requested expert feedback on these key steps. To gather further feedback, we also organised a workshop together with WBCSD.

This report analyses the responses we received to both initiatives. Experts on this matter were asked to indicate their experience, challenges they encounter in practice and any possible solutions they can propose to strengthen NFI assurance practice. We therefore focus on these three matters in each section. For more context on each of the steps, please refer to the previous publication *How to respond to assurance needs on non-financial information?*[1].

With this feedback, we aim to help streamline NFI assurance practices and stimulate a stakeholder dialogue on technical matters, especially with the International Audit and Assurance Standards Board (IAASB). The IAASB is currently working on developing non-authoritative guidance to address key challenges in assurance engagements on emerging forms of external reporting[2].

REPORTING MATTERS
DATA BOXES

Throughout this report, boxes complement the text with statistics from WBCSD's 2017 edition of Reporting matters taking into account the fullest source of sustainability information for nearly 160 WBCSD member companies.

The reviews focus on the fullest source of NFI provided by member companies for this project. 65% of the reports reviewed are standalone sustainability reports. Therefore, the data presented is indicative of trends in sustainability reporting more generally but may be slightly misaligned with other NFI reporting.

A few data points on various audiences discussed:

- 157 reports were reviewed
- 117 of reports reviewed obtained some form of external assurance on at least a handful of indicators (including 67 of the companies based in Europe).

[1] Accountancy Europe, discussion paper, How to respond to assurance needs on non-financial information? (2017) https://www.accountancyeurope.eu/wp-content/uploads/171005-Publication-How-to-respond-to-assurance-needs-on-non-financial-information.pdf

[2] http://www.ifac.org/system/files/publications/files/IAASB-EER-Project-Proposal.pdf

4 Professional standards

Under each section, we present our analysis of feedback received on:

- practical experience
- encountered challenges
- possible solutions

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

Assurance practitioners use the following assurance standards to conduct the assurance engagement:

- *ISAE 3000 Assurance Engagements other than audits or reviews of historical financial information*
- *ISAE 3400 The Examination of Prospective Financial Information*
- *ISAE 3402 Assurance Reports on Controls at a Service Organisation*
- *ISAE 3410 Assurance Engagement on Greenhouse Gas Statements*
- when appropriate, local equivalent standards, e.g. the Dutch national standard ISAE 3810N or the Swedish RevR12 recommendation on the NFI reports verification

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Understanding, applying and communicating the differences between limited assurance and reasonable assurance.** ISAE 3000 leaves a lot of scope for professional judgement in determining the nature, timing and extent of the procedures to be conducted. This results in variations between assurance engagements. Also, the depth and nature of limited assurance procedures is a challenge that requires continuous discussion within the engagement team and beyond. Equally, clients and report users often have difficulty in understanding the difference between limited and reasonable assurance. The decision of what level of assurance should be provided is therefore often left to the assurance practitioner, which should not be the case.
- **Clarity around multi-scope and combined engagements.** Multi-scope and combined engagements aim at including reasonable and limited assurance or financial audit and assurance on environmental, social and governance (ESG) matters. The current practice also often features multi-scope engagements, which add to the confusion of users as they already have an issue understanding differences between limited and reasonable assurance, but also the scope set for the given assurance engagement (please see 'assessing the scope').

REPORTING MATTERS
DATA BOX 2

- 75% of companies who obtained external assurance did so at a limited level, whereas 25% did so at a reasonable level on at least some key indicators.
- Companies based in Europe followed this exact trend.

- **Clarity of definitions in regulatory requirements and in standards relating to assurance practices.** Terms used and their definitions (if available) are not clear or even confusing. Namely, there is confusion around the following terms: 'check', 'verify', 'establish consistency', 'establish not being contradictory', 'establish not containing material misstatements'.
- **Applying a subject-matter specific standard in combination with ISAE 3000.** ISAE 3000 covers a broad range of assurance engagements. There are some subject-matter specific assurance standards available. It is sometimes unclear which ISAE 3000 requirements apply on top of a subject-matter specific standard requirements. Also, the language is not always aligned between ISAE 3000 and the subject matter specific standard. For example, ISAE 3402 uses 'positive and negative forms of opinions' terms while ISAE 3000 does not.
- **The extent to which the International Standards on Auditing (ISAs) are applied in the NFI context is different across firms.** There are many useful references to the ISAs for financial audits in the context of the NFI assurance engagements, but the challenge is to what extent these references should be used. There might be a need for guidance to enable practice convergence.

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

Further guidance is needed on how to apply ISAE 3000 and how to deal with emerging practice, for example on the assurance practitioner's consideration of measurement uncertainty and comparability. But it is too early to develop subject-matter specific standards as reporting practice is still emerging.

Guidance should clarify terms such as 'verify', 'check', etc. as indicated above. Providing further explanation would improve understandability of the practitioner's role and responsibilities.
Overall, the guidance should be developed with the aim to increase the quality and reliability of NFI and address the challenges identified in current practice.

A combination or convergence of professional standards dealing with financial audit and with NFI assurance would be very useful. It could be the roadmap towards 'integrated assurance'.

5 Maturity of the company's reporting processes

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

The reporting systems for NFI used by companies are generally less mature and are relatively manual compared to financial reporting systems. Companies still use spreadsheets to obtain and process NFI and internal controls over NFI are also often informal.

The approach taken in assurance engagements relies more on substantive testing than in financial audit. This is due to the lack of maturity and effective controls in reporting systems.

Sustainability reporting is still often used as a communication and marketing tool. There is also very little communication or engagement between the sustainability and finance departments.

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Maturity of internal processes and control systems.** There is a risk that assurance practitioners make the wrong assumption that NFI reporting has equally strong internal control systems as financial reporting. Also, certain information can be extracted from a sophisticated and well controlled system such as production accounting, human resources or payroll related systems. After extraction, such information requires extensive processing, which can be prone to errors.
- **Lack of balanced disclosures.** Given the relatively early stage of NFI reporting development, companies often disclose positive impacts, but exclude disclosures on negative impacts.
- **Clarity of definitions.** Even if companies apply a specific reporting framework, for example Global Reporting Initiative (GRI), Carbon Disclosure Project or any other framework, when disclosing NFI, there is a gap between the definition of key performance indictors (KPIs) and the actual accounting principles defining data sources, principles of controlling and consolidation.
- **Client readiness for independent assurance.** Companies with relatively immature reporting processes supporting NFI may not be ready to engage the assurance practitioner to conduct the assurance engagement. The main challenge is ensuring that a client is truly ready to move from limited to reasonable assurance.

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

The company's senior management needs to consider and properly embed NFI into the company's strategy to improve NFI reporting within the company.

Companies should better connect financial and non-financial information to improve the robustness and reliability of the reported information. A closer collaboration between the sustainability and the finance departments would help mature NFI reporting practices. Finance departments have long-standing reporting experience on aspects such as reporting boundaries, reporting principles, information reliability and comparability, and can assist with improving these aspects for NFI reporting.

Companies with less mature reporting practices may start with assurance for internal purposes only.

When the subject matter is internal controls, the initial scope is often set on the design of the controls and, at a later stage, the operating effectiveness of controls can be included. It may help if the standard explicitly includes some guidelines on setting a scope on the design of controls.

Companies which are only starting with their NFI reporting can first undertake the following steps rather than entering into a first year of assurance that will result in a qualified conclusion:

- perform their own due diligence
- assess their NFI reporting maturity through a dialogue with relevant stakeholders
- engage the assurance practitioner to perform an engagement on a limited number of KPIs

Taking such first steps can provide a 'gap analysis' to identify areas where the robustness of data, systems and processes need improvement. Internal and external auditors could collaborate on this analysis.

Reporting standard setters should establish robust principles and guidance for companies to refer to as they implement systems to capture and process NFI. For example, the Committee of Sponsoring Organisations of the Treadway Commission Framework (COSO) may be a valuable resource in the development of guidance in this area.

Also, as an imminent solution, alignment of existing reporting frameworks, their purpose and leading principles, can help improve comparability of disclosures.

6 Define the scope of the assurance engagement

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

In some instances, the scope is defined by regulatory requirements or by a specific standard, e.g. the standard on the assurance engagement on greenhouse gas emissions. However, defining the scope for the majority of assurance engagements is quite complex.

The scope of the assurance engagement has shifted from focusing only on the company's KPIs to a broader set of NFI. The increased scope introduces a number of challenges for assurance practitioners that may have to deal with a scope for the assurance engagement that differs from the scope used for reporting purposes by the company. These challenges are triggered by:

- the maturity of the NFI reporting systems in companies
- the determination of appropriate and material information to include in the company's report
- collecting data

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Understandability of the scope and the responsibilities of the assurance practitioner.** There is considerable flexibility in determining the scope. For example, limited or reasonable assurance can be provided on a selection of KPIs, a full NFI report, or a combination of limited assurance on some KPIs and reasonable assurance on another part of the NFI report. Given this flexibility, clients and other stakeholders have difficulty in understanding the scope of the assurance engagement. The scope of the assurance engagement is sometimes not clear enough in the assurance statements. Also, clients and users often do not have a sufficient understanding of the roles and responsibilities of the assurance practitioner. This makes it difficult to communicate and clearly define these responsibilities.
- **Assessment of reporting boundaries.** If NFI is included in the management report, it often mirrors the reporting boundaries of the financial statements. However, NFI reporting boundaries can be extended beyond the boundaries of ownership and controls of the company, for example, if the company reports on its supply chain. The company will not have control over the information reported, which creates a challenge for the assurance practitioner to assess until what point the outcome can be measured and still be attributed to the company.

REPORTING MATTERS
DATA BOX 3

- 10% of companies who obtained external assurance had a combination of limited and reasonable assurance on different parts of the same report (including 19% of companies based in Europe).

- **'Cherry picking' risk.** The assurance practitioner should not accept a reasonable assurance engagement with a partial scope of topics which are not the most material topics as identified by the company.

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

Companies that are only starting with NFI reporting can engage the assurance practitioner to conduct an assurance engagement on a set of KPIs. When the scope of the assurance engagement is limited to a selection of KPIs, it is important to consider whether:

- these KPIs give a fair representation of the company's performance
- there is no misconception about the scope between involved parties. It is important that the explanation of the scope in the assurance report is clear enough to ensure that the report users understand which assurance is provided on what

Guidance is needed to clarify the different types of boundaries that could be applied, and to provide examples of KPIs and their definitions that would be eligible for assurance.

7 Assess the subject matter

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

ISAE 3000 requires the assurance practitioner to assess whether the underlying subject matter
is appropriate for the specific assurance engagement. This means that the subject matter must be identifiable and capable of consistent evaluation or measurement.

The assurance practitioner can provide assurance on:

- a full or a part of an NFI, sustainability or corporate social responsibility report
- specific KPIs
- reporting processes

Companies often choose assurance on selected KPIs instead of on a full NFI or sustainability report due to their relatively recent involvement in NFI reporting. Companies select the material subject matters to report on, and consequently the reporting framework to apply. These material subject matters include industry-specific indicators or company-developed specific indicators to report against.

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Forward-looking subject-matter.** As NFI can be forward-looking and there is by definition less certainty around such information, companies may avoid reporting on negative impacts. For example, NFI can range from describing the future strategy of the business to the forecast of greenhouse gas emissions. A challenge exists in dealing with assertions based on longer-term outcome and impact indicators which are future and long-term oriented, overall more narrative and currently less developed. This type of information is not covered by ISAE 3000 and is frequently excluded from the scope of the assurance engagement. There is a need for innovative approaches from the assurance practitioner to be able to provide confidence in such information.
- **Identifying the boundary of the company's report.** Companies' activities can have an impact on its value chain. These impacts may not always be within the direct control of the company, for example, the impacts of human rights that are associated with sourcing of raw materials. Disclosing accountability for issues which are beyond the direct control of the company in the company's report requires the company to accept responsibility for issues that they cannot directly manage and can only influence. Accounting for these issues and explaining the nuances in NFI or sustainability reports is complex.

REPORTING MATTERS
DATA BOX 4

- 32% of reports reviewed globally were 'digital first' meaning their report was primarily presented on a website or microsite (including 35% of companies based in Europe).

- **Emerging initiatives.** Companies increasingly report on the Sustainable Development Goals (SDGs). There is a risk that SDGs reporting is being treated as a checklist, lacking proper links to the company's strategy and its performance with incomplete materiality assessment, focusing only on disclosures on the SDGs positive impact and leaving out the negative. Each SDG has its targets set out. Companies focus on the 'goal-level' rather than on the 'target-level' when mapping SDGs, which contributes to the issue of using SDGs as a checklist or 'SDG-washing'.

- **Impact of technology.** Companies 'publish' their information online and it can be spread throughout the company's website. This creates a challenge for the assurance practitioner to ensure (i) that the subject matter of the assurance engagement is understood to information users, but also (ii) that the information has not been further amended after independent assurance was provided.

REPORTING MATTERS
DATA BOX 5

- 79% of reports reviewed acknowledged the SDGs in some way (including 86% of companies based in Europe).
- 45% of reports aligned their strategies to Goal-level SDGs (including 54% of companies based in Europe).
- 6% of reports detailed specific contributions at goal or target level (including 10% of companies based in Europe).

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

The selected subject matter for the assurance engagement should be core to the company's strategy, its business model and what drives the value creation within the company. To ensure that the subject matter is appropriate for a specific assurance engagement, the assurance practitioner can take a materiality analysis as a starting point to identify the subject matter and assess the rationality of the assurance engagement.

Overall further guidance for assurance practitioners on how to deal with forward looking subject matters would be useful. Also, there is a need to inform stakeholders that different types of data can be subject to different levels of assurance.

8 Assess the reporting criteria

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

The assurance practitioner assesses whether the applied reporting standards and frameworks are acceptable in the given circumstances. As indicated above, companies may develop their own reporting criteria. While such criteria may be considered suitable, it is preferable for a company to use generally accepted criteria issued by a recognised third-party body.

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Consistency and comparability of disclosures by companies.** The main challenge is the variety of existing reporting frameworks, initiatives, industry-specific or company-developed criteria. Companies end up using different bases for the calculations of KPIs that affect comparability of disclosures.
- **Company-developed criteria.** Companies often develop their own reporting indicators, which are based on their own definitions and consequently are subject to significant uncertainty and interpretation. The challenge is whether such criteria can result in sufficiently measurable and accurate data, for example, assurance on 'a number of customers reached with an awareness campaign'. Another challenge is to determine whether the criteria developed by the company gives a fair and well-balanced picture of the company's performance.
- **Maturity of reporting processes.** When a company does not have mature NFI reporting processes, the clarity of the criteria is affected. This leads to different interpretations of data gathering and reporting purposes.
- **Availability of the criteria to the intended users.** Reporting criteria are sometimes not explicitly defined. The NFI report should clearly state the reporting criteria either by providing a description in the footnotes or in a separate publicly available document.
- **Non-suitable criteria.** Criteria would not be suitable where reported information is dependent on external data providers in the value chain who cannot be included in the procedures.

REPORTING MATTERS
DATA BOX 6

- 85% of reports reviewed were aligned with GRI Standards or Guidelines (including 90% of companies based in Europe).

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

There is a necessity for transparency of definitions. The recommended approach is as follows:

- the objective of the assurance provider is to obtain sufficient appropriate assurance evidence about whether definitions on subject matter information are adequately disclosed in the context of the applicable reporting framework
- only the disclosure of material subject matter indicators should be required to avoid unbalanced reporting and disclosure overload
- additional disclosures should be limited to information necessary for sufficient understanding of the scope, assumptions, methodology and completeness of the underlying data sources by users

Furthermore, it should be recognised that the assurance practitioner may need additional training or external expert insights on specific subject matters.

9 Assess materiality

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

Materiality is a very important but difficult concept to apply in NFI reporting. It is the responsibility of the preparer to define materiality for reporting purposes.

The assurance practitioner can consider materiality from different perspectives:

- at the level of the NFI report to determine whether the company has appropriately identified and disclosed its material NFI topics
- at the level of quantitative selected KPIs for the assurance engagement and if they are materially correct
- at the level of qualitative disclosures relating to specific KPIs and whether users would regard these disclosures as material

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Defining the audience and material issues.** Companies often do not define the target audience for the NFI report, stakeholders' groups they have talked to and their importance to the business in the materiality assessment. Also, the topics that are reported are quite diverse and it is difficult to assess users' expectations for each material topic reported.
- **Materiality assessment.** There is an existing methodology for a materiality assessment on what information to include in external reporting. But there is no common model available to the assurance practitioner on how to perform an assessment of a materiality analysis.
- **Different level of materiality.** It is difficult to set materiality thresholds. A single level materiality cannot be set for the entire NFI report as different reported KPIs often have different units of measurement.
- **Definition of a material misstatement.** The assurance practitioner is required to obtain sufficient appropriate evidence of whether the subject matter is free from material misstatement. This is more difficult to achieve in NFI assurance than in financial audit, for example, how to define and evaluate a misstatement in areas such as reporting on governance or human capital.

REPORTING MATTERS
DATA BOX 7

- 82% of all companies described a materiality process based on stakeholder dialogue (including 91% of companies based in Europe).
- This may demonstrate that although companies may not be providing this information in financial filings, they likely have processes in place to report on this information.

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

There is a need for more awareness and guidance for users and stakeholders that the concept of materiality is important to apply in NFI reporting.

Materiality assessments should be conducted based on dialogues with stakeholders and their inclusiveness, which is often not the case today.

It would be beneficial for assurance practitioners if companies were requested to explain their approach and process for assessing materiality.

Standard setters should consider how to better define the concept of a 'material misstatement', both as to the meaning of 'material' and 'misstatement'.

10 Form of the assurance report

FEEDBACK RECEIVED ON PRACTICAL EXPERIENCE

The form of the assurance report varies between jurisdictions and is guided by ISAE 3000 and professional standards developed at national level.

FEEDBACK RECEIVED ON CHALLENGES ENCOUNTERED

- **Understandability of the assurance report.** Users sometimes have difficulties understanding the assurance report, including the scope and inherent limitations' sections. The assurance report is viewed as too long and the clients often do not fully understand what it expresses.
- **Application of the standards.** The standard defines the elements of the assurance report, but it does not provide any practical examples. As NFI reporting is still evolving, the assurance report may need to include more modified assurance conclusions than for financial audit.

FEEDBACK RECEIVED ON POSSIBLE SOLUTIONS

Further guidance is needed on the form of the assurance report.

Expanding the language in the assurance report could help better capture the effort undertaken when applying ISAE 3000.

Key assurance matters could be included in the assurance report. This would help the assurance practitioner explain the limitations and risks associated with the assurance provided because of conditions in the company, for example, maturity of the reporting processes.

Applying the same level of assurance over integrated reports is an issue today. Using the terminology 'audit and review' instead of 'reasonable and limited assurance reports' would pave the way for a more integrated assurance statement.

11 Appendix

ORGANISATIONS THAT RESPONDED TO THE DISCUSSION PAPER PUBLISHED IN OCTOBER 2017

Danish Auditors

Deloitte

Institute of Public Auditors in Germany

Norwegian Institute of Public Accountants

Ernst & Young

European Federation of Accountants and Auditors for SMEs

Institute for the Accountancy Profession in Sweden

Royal Netherlands Institute of Chartered Accountants

Norea

PwC

ORGANISATIONS THAT WERE REPRESENTED AT THE WORKSHOP ORGANISED IN DECEMBER 2017

ABN AMRO

American Institute of Chartered Professional Accountants

Deloitte

EGIAN

Ernst & Young

Financial Reporting Council

Global Reporting Initiative

Institute of Chartered Accountants in England and Wales

Institute of Chartered Accountants of Scotland

Institute of Public Auditors in Germany

International Integrated Reporting Council

KPMG

Mazars

The Royal Netherlands Institute of Chartered Accountants

Nordic Federation of Public Accountants

PwC

Social Value

University of Groningen

World Business Council for Sustainable Development

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 51 professional organisations from 37 countries that represent 1 million professional accountants, auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond. Accountancy Europe is in the EU Transparency Register (No 4713568401-18).

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ABOUT WBCSD

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

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