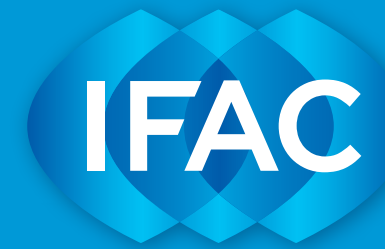


State of Play series

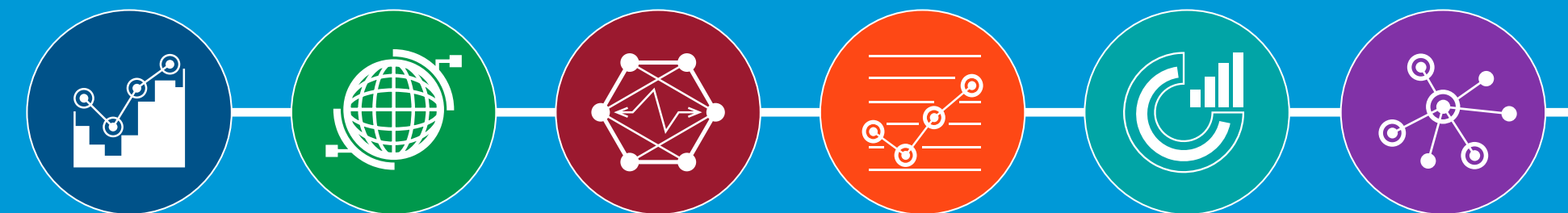


International
Federation
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THE STATE OF PLAY BEYOND THE G20

SUSTAINABILITY DISCLOSURE AND ASSURANCE IN 20 MORE JURISDICTIONS

2019-2021 TRENDS & ANALYSIS



SEPTEMBER 2023

FOREWORD

This report expands IFAC and AICPA & CIMA’s benchmarking of global practice in sustainability disclosure and assurance to jurisdictions beyond the G20, which were the focus of previous reports in the State of Play series. The goal is to identify trends in the Global South by focusing on jurisdictions in Latin America, Africa, the Middle East, and Southeast Asia, as well as smaller members, by GDP, of the European Union and non-EU European jurisdictions.

The results show that both sustainability disclosure and assurance are improving in these new jurisdictions. Disclosure rates grew from 84% in 2019 to 89% in 2021, and assurance rates grew from 37% in 2019 to 48% in 2021.

Reporting by companies in these new jurisdictions lagged those in G20 jurisdictions by 6%. Assurance rates were even further behind, trailing by 16%. However, the new jurisdictions were more likely to obtain assurance from audit firms (also referred to as "firms") and more likely to receive limited assurance in 2021.

METHODOLOGY: Jurisdictions in this report

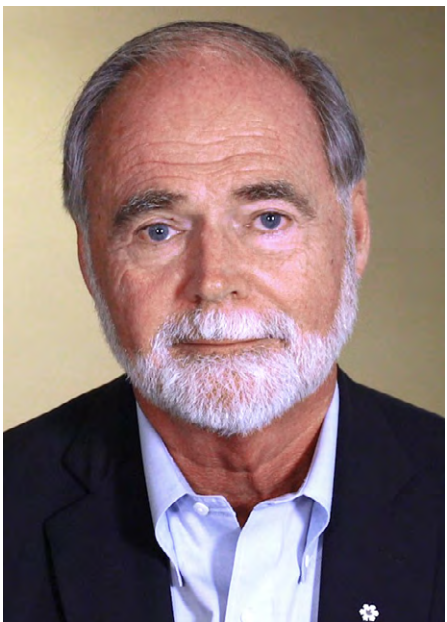
Latin America:	Europe:	Middle East & Africa:	Asia-Pacific:
Chile	Belgium	Egypt	Malaysia
Colombia	Ireland	Israel	New Zealand
Peru	Norway	Kenya	Philippines
	Poland	Morocco	Thailand
	Romania	Nigeria	
	Sweden	UAE	
	Switzerland		

KEY HIGHLIGHTS

- **Including sustainability disclosures with financial disclosures.** Sustainability information was more likely to be included with financial disclosures—in annual reports or integrated reports—than stand-alone sustainability reports. In three jurisdictions—Chile, Kenya, and Malaysia—a majority of companies used integrated reports to disclose sustainability information. In nine jurisdictions—Belgium, Ireland, Morocco, New Zealand, Nigeria, Norway, the Philippines, Sweden, and Thailand—a majority of companies used annual reports. In only three jurisdictions—Colombia, Israel, and Peru—did 50% of companies or more disclose their ESG information in stand-alone sustainability reports.
- **Sustainability disclosure is an alphabet soup of standards and frameworks.** Most companies reviewed in this report (84%) used a mix of standards and frameworks to disclose sustainability information, including more than half of the companies in 18 of the 20 jurisdictions reviewed. Using the Sustainable Development Goals was most common at 84%, with GRI Standards close behind at 79%. About half of the companies used the TCFD Framework and a third used the SASB Standards—with references to both increasing by approximately 25% between 2019 and 2021.
- **More assurance over less information.** While assurance rates have risen from 37% to 48%, engagements are covering a narrower set of topics. Broad assurance—that is, assurance covering greenhouse gas metrics, other environmental, social, and governance topics—has declined from 74% in 2019 to 64% of engagements in 2021. Governance topics have led this decline, dropping from 76% in 2019 to 66% in 2021.

The wide variety and mix of frameworks and standards used to disclose sustainability information impairs comparability and thereby the usefulness of non-financial information. A global baseline of disclosure requirements—as envisioned by the International Sustainability Standards Board (ISSB)—will help facilitate comparable disclosures that are decision-useful for providers of capital, as well as broader stakeholders.

The goal of sustainability reporting should be to deliver high-quality information that is on par with financial reporting. This should include using public interest assurance standards designed specifically for sustainability information, such as the International Auditing and Assurance Standards Board’s proposed International Standard on Sustainability Assurance 5000, which requires independence between the assurance services provider and the client. Finally, regulators should commit to setting requirements for obtaining a reasonable level of assurance over company sustainability disclosures. This is a necessary final step that will bring reporting and assurance together to support market and societal needs.



Kevin Dancy
Chief Executive
Officer, IFAC

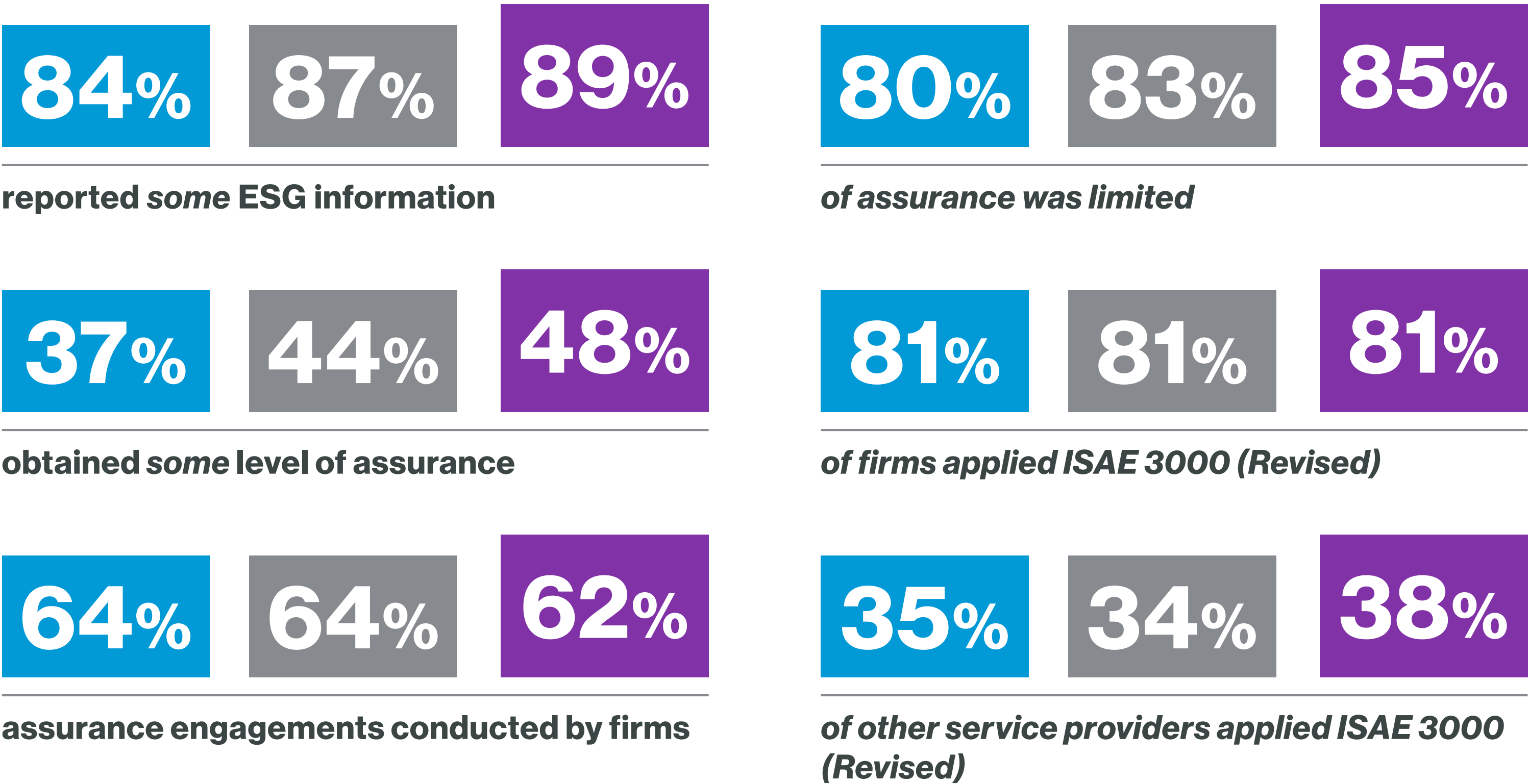
A handwritten signature in black ink, appearing to read "Kevin Dancy".

MAPPING REPORTING AND ASSURANCE PRACTICES

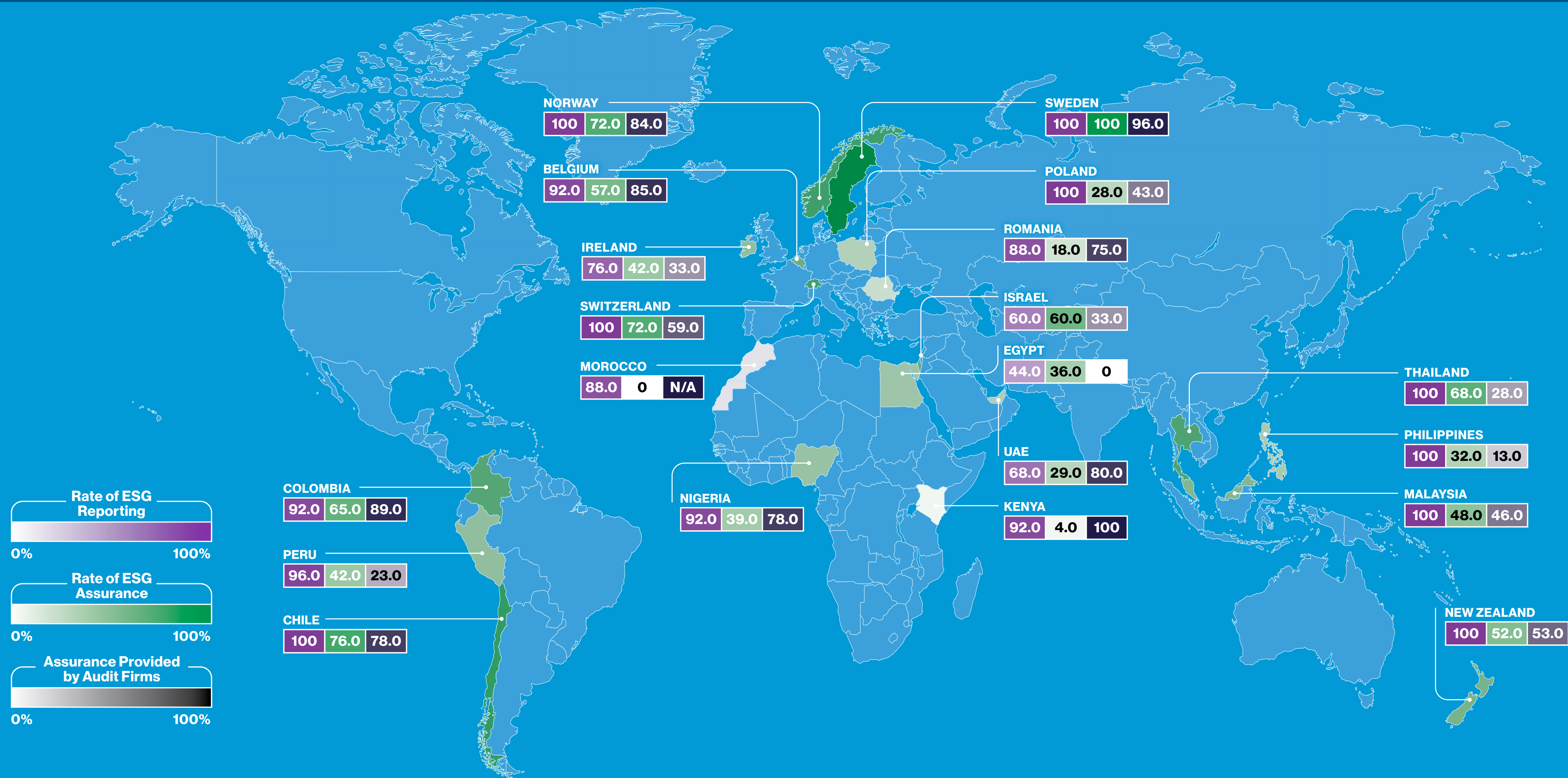
KEY FINDINGS: 2019 | 2020 | 2021

This study benchmarks 2019-2021 market practice for the reporting and assurance of environmental, social, and governance (ESG or sustainability) information, in major jurisdictions beyond the G20. Five hundred stock exchange listed companies were reviewed for all three years (see Methodology Section). Twenty new jurisdictions are included from Asia-Pacific (4), Europe (7), Middle East & Africa (6), and Americas (3) (see page 4).

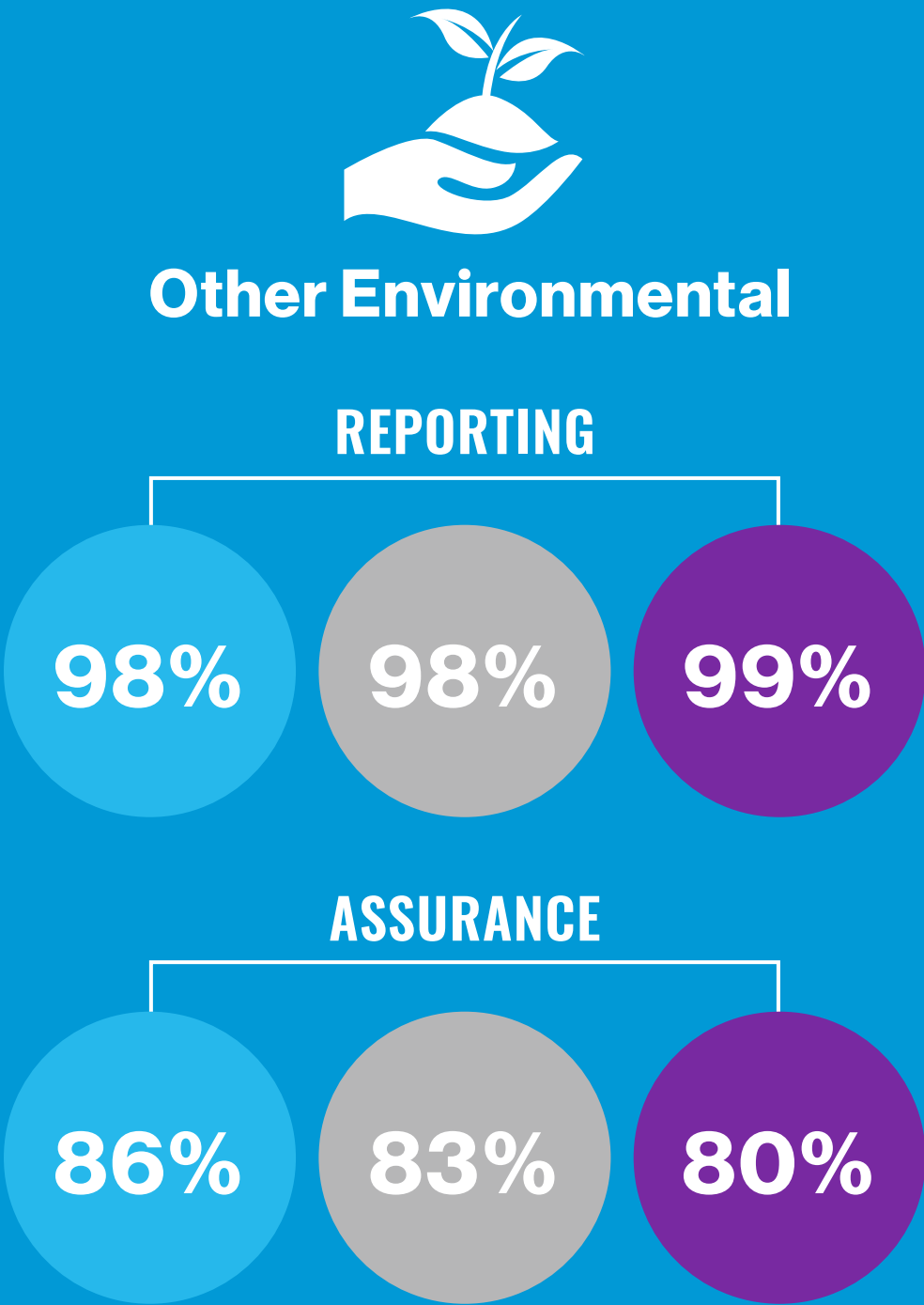
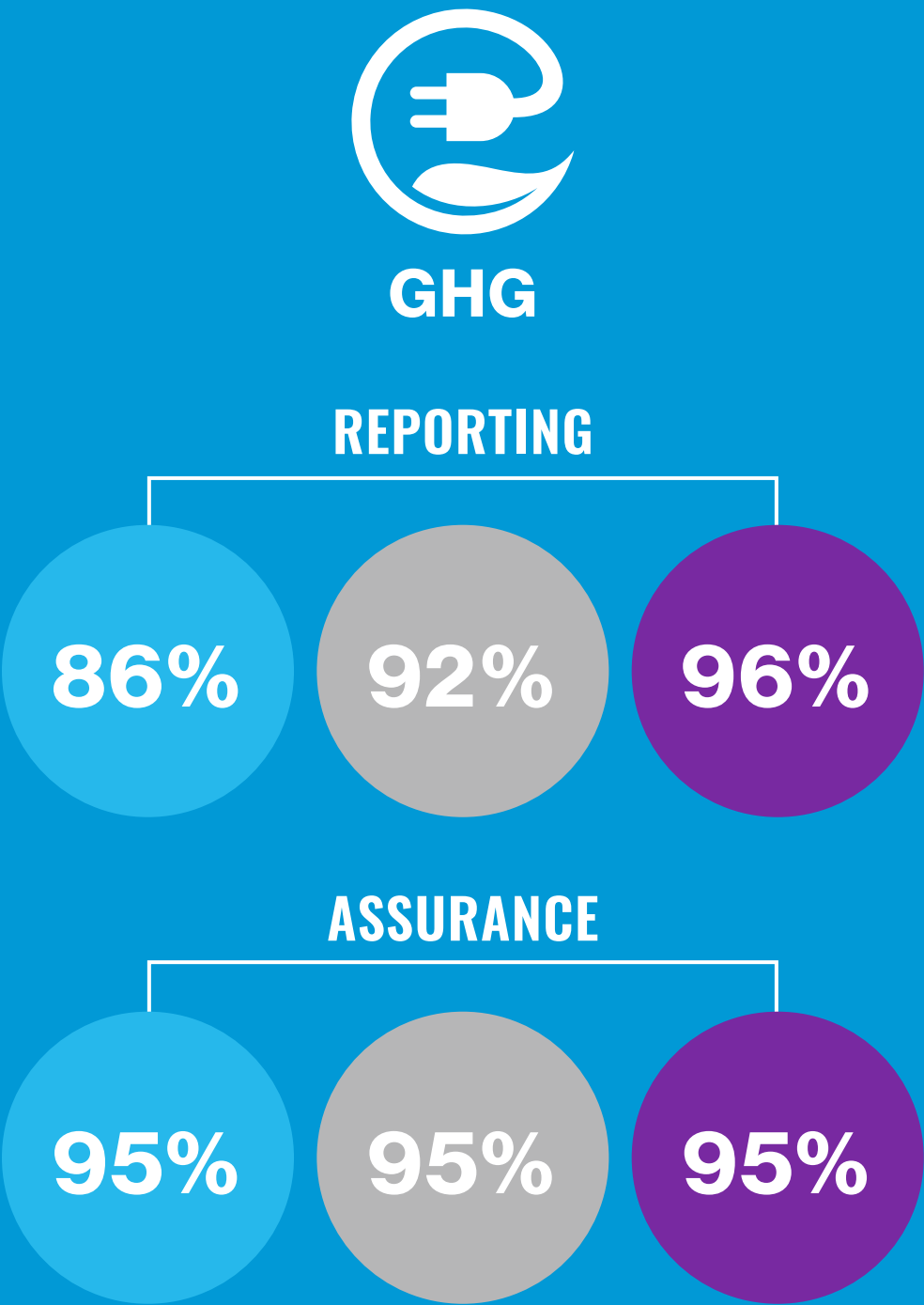
Our three-year cumulative analysis indicates that while the frequency of reporting ESG information is very high and the incidence of assurance is on an upward trend, there continues to be a meaningful difference between reporting and assurance rates.



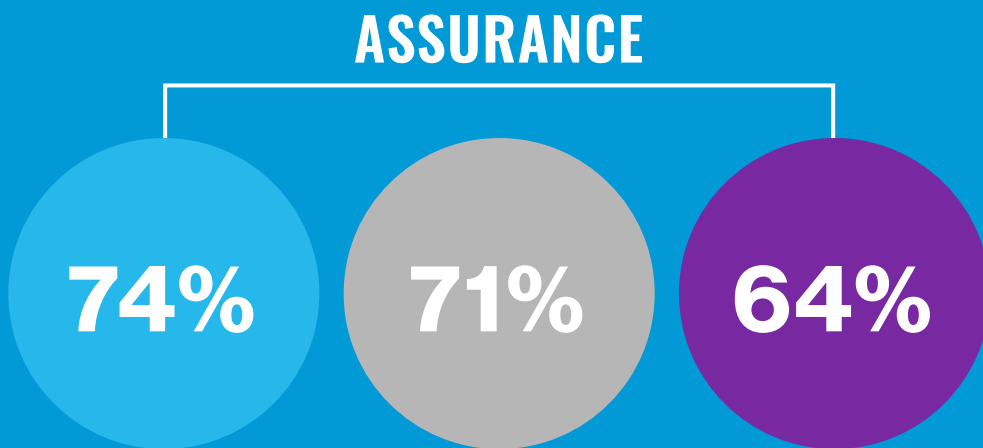
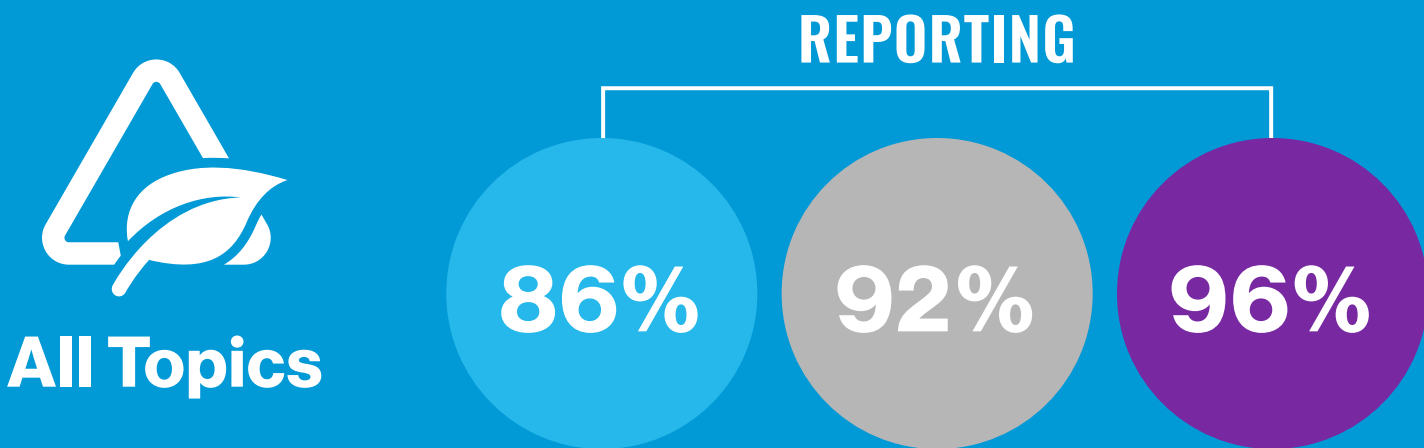
MAPPING GLOBAL REPORTING AND ASSURANCE PRACTICES – 2021



SCOPE OF REPORTING AND ASSURANCE

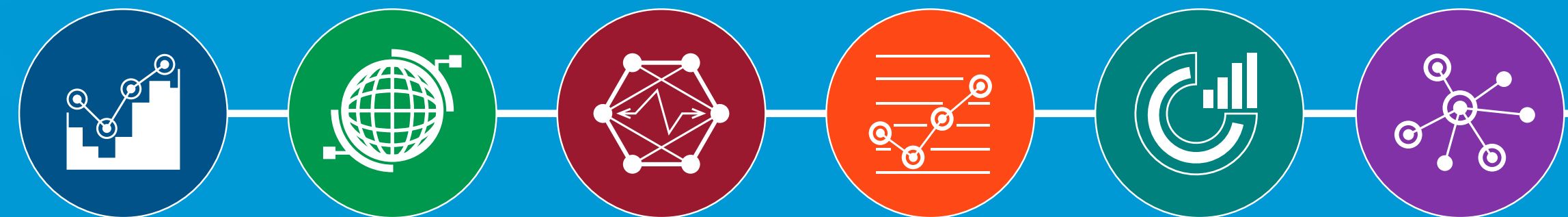


Almost all companies reviewed reported some information in these four categories, but assurance lagged meaningfully—except for GHG information. The level of assurance over social and governance disclosures was significantly higher than in our [G20 report](#).

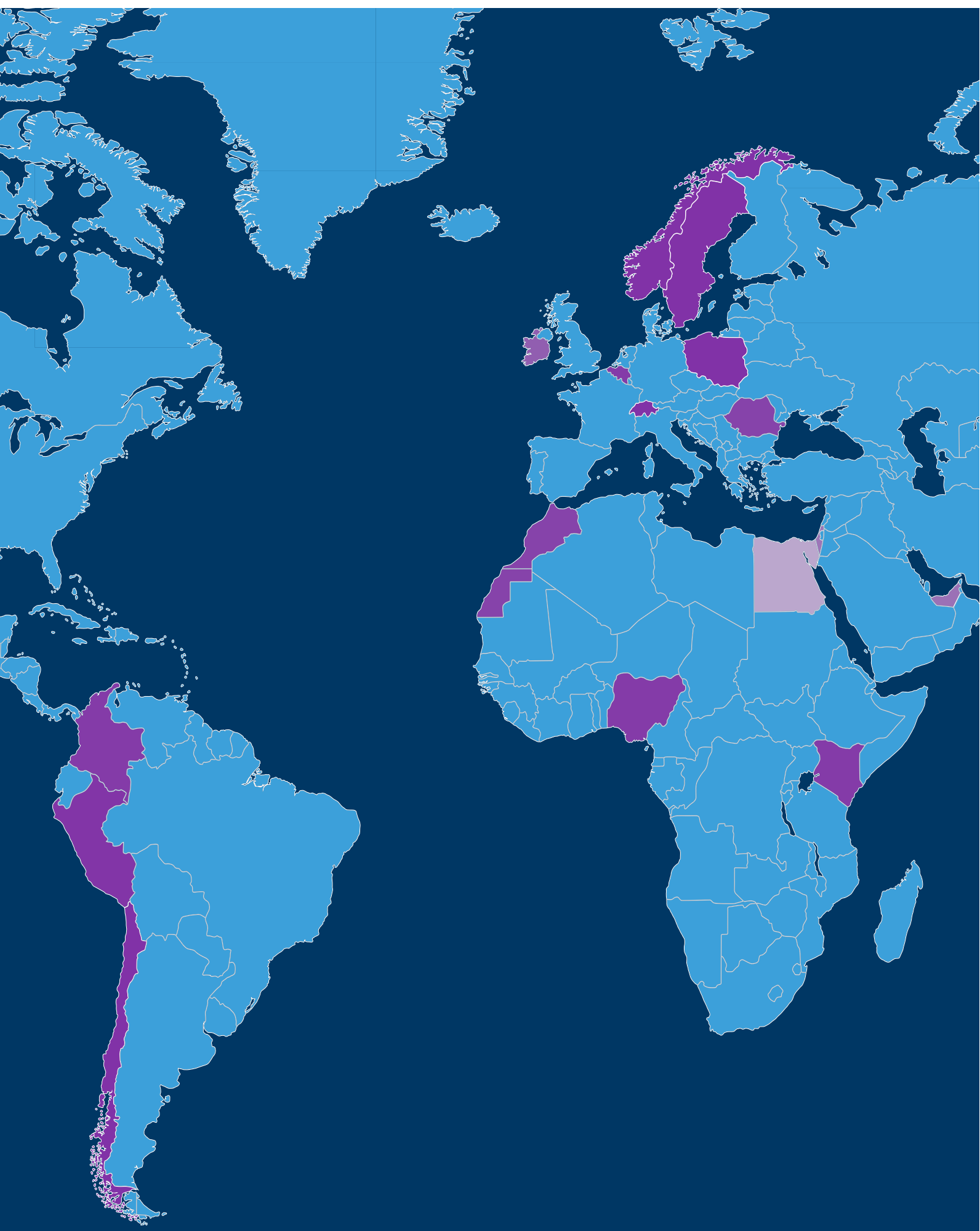


* Governance does not include remuneration (or other) information that is statutorily required to be reported and assured in some jurisdictions.

REPORTING



SUMMARY CHANGES: REPORTING



METHOD OF REPORTING.

The use of stand-alone sustainability reports has declined globally over the 2019-2021 reporting periods, however over half of companies reviewed in Colombia, Peru, and Israel do not include their ESG information in annual or integrated reports. Meaningful integrated reporting growth was seen in Chile, Kenya, Peru, the Philippines, and UAE between 2019 and 2021.

STANDARDS & FRAMEWORKS.

The use of or reference to the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosure (TCFD) Framework increased significantly.

447 of **500** companies reported ESG information in 2021 (compared to **433** of **500** in 2020).

SASB increase of

54%

over 2020

TCFD increase of

33%

over 2020

The use of or reference to Global Reporting Initiative (GRI) Standards and UN Sustainable Development Goals (SDGs) remained high (comparing 2020 to 2021) among the companies that reported on ESG.

increasing from

74%

to

79%

(GRI)

increasing from

78%

to

84%

(SDGs)

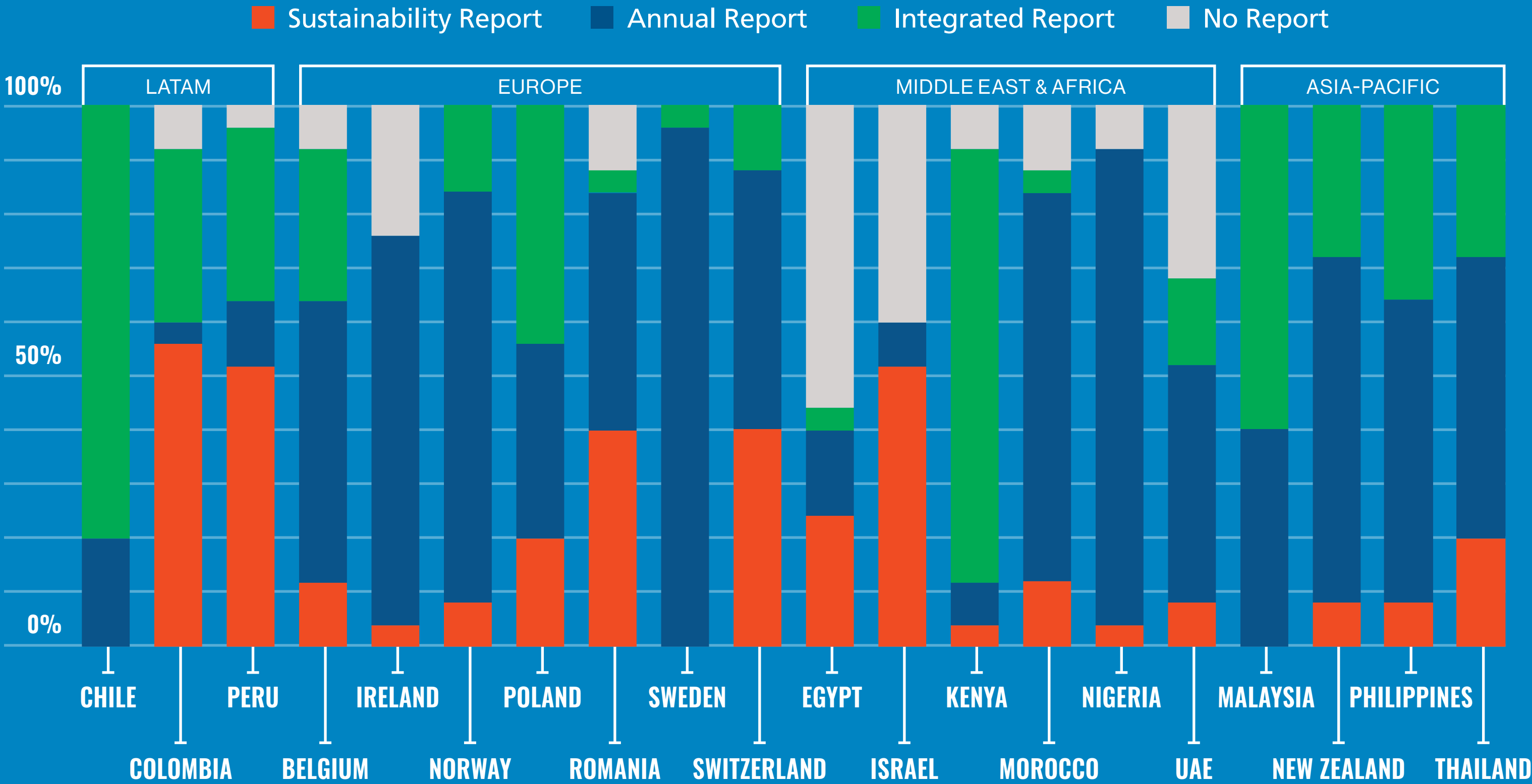
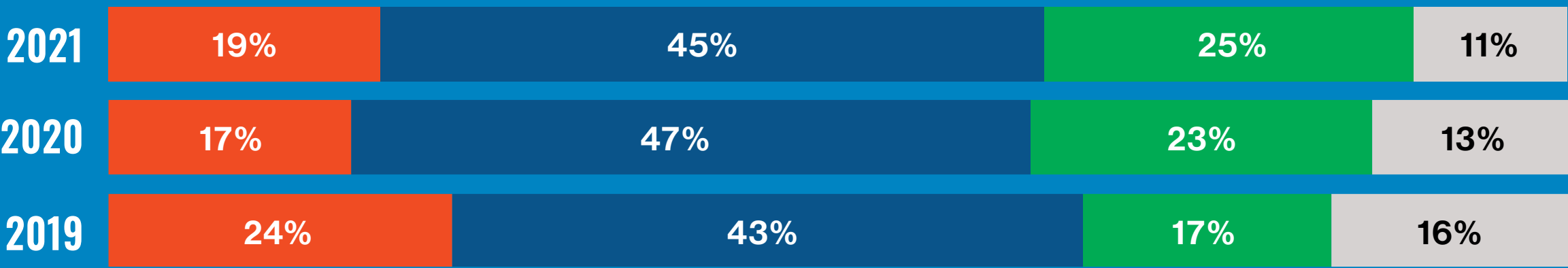
REPORTING BY JURISDICTION

Sustainability reporting has increased from **84%** in 2019 to **89%** in 2021

Nine jurisdictions—including all Asia-Pacific jurisdictions—saw 100% rates of sustainability reporting, while companies in Egypt, Ireland, Israel, and the UAE lag other jurisdictions.

- The use of integrated reports has increased by 8% from 17% in 2019 to 25% in 2021.
- The use of standalone sustainability reports has declined by 5% from 24% in 2019 to 19% in 2021.

447 of 500 companies reported ESG information in 2021, compared to 419 of 500 in 2019.



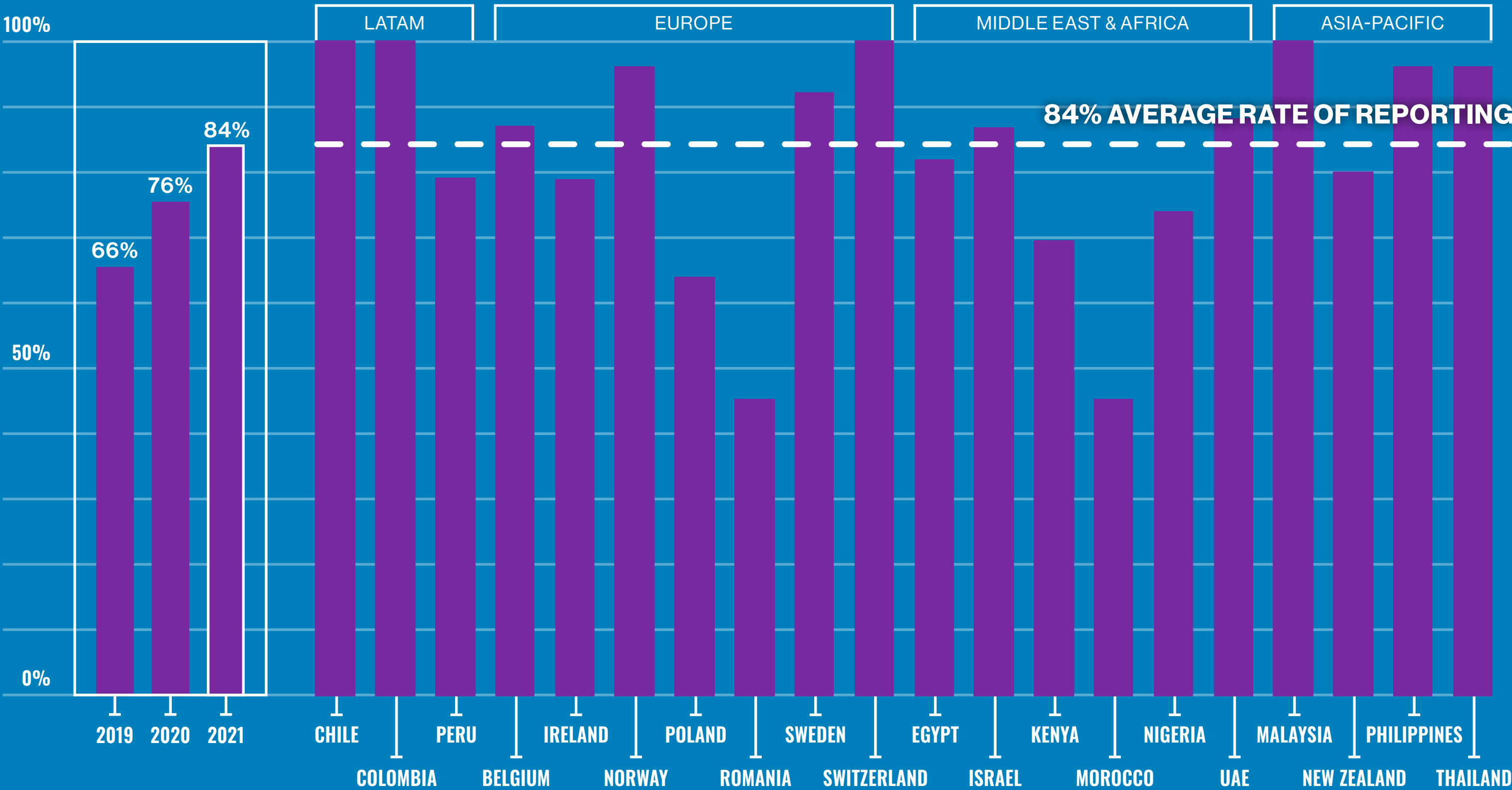
USE OF STANDARDS AND FRAMEWORKS

The use of multiple standards and frameworks increased to **84%** in 2021 from **66%** in 2019.

- Latin America and Asia-Pacific have the highest usage rate (93%) of multiple standards.
- The Middle East & Africa have the lowest usage rate (72%) of multiple standards.

The percentage of ESG reporting standards and frameworks is calculated as the number of reports that disclose the use of a specific standard or framework vs. the total number of reports that include ESG information (374 of 447).

Multiple standards – Companies that used more than one standard/framework for their 2021 ESG reporting



USE OF STANDARDS AND FRAMEWORKS

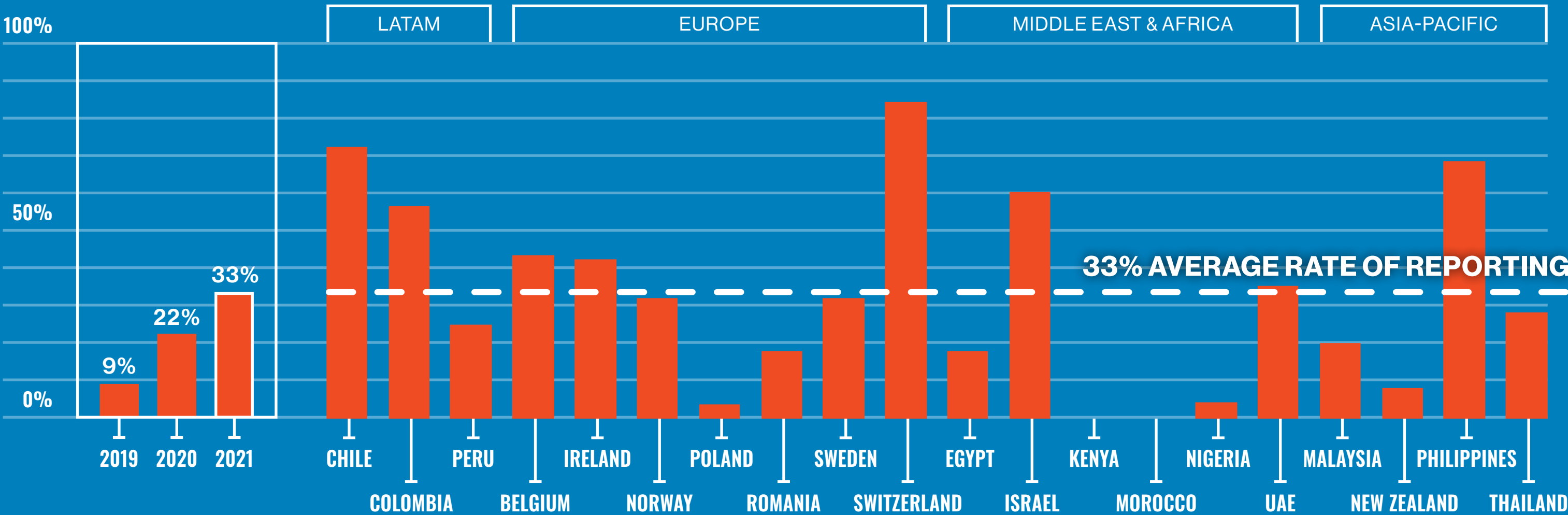
The use of SASB Standards has grown significantly from **9%** in 2019 to **33%** in 2021.

- Latin America had the highest usage (51%).
- The Middle East & Africa had the lowest usage (16%).

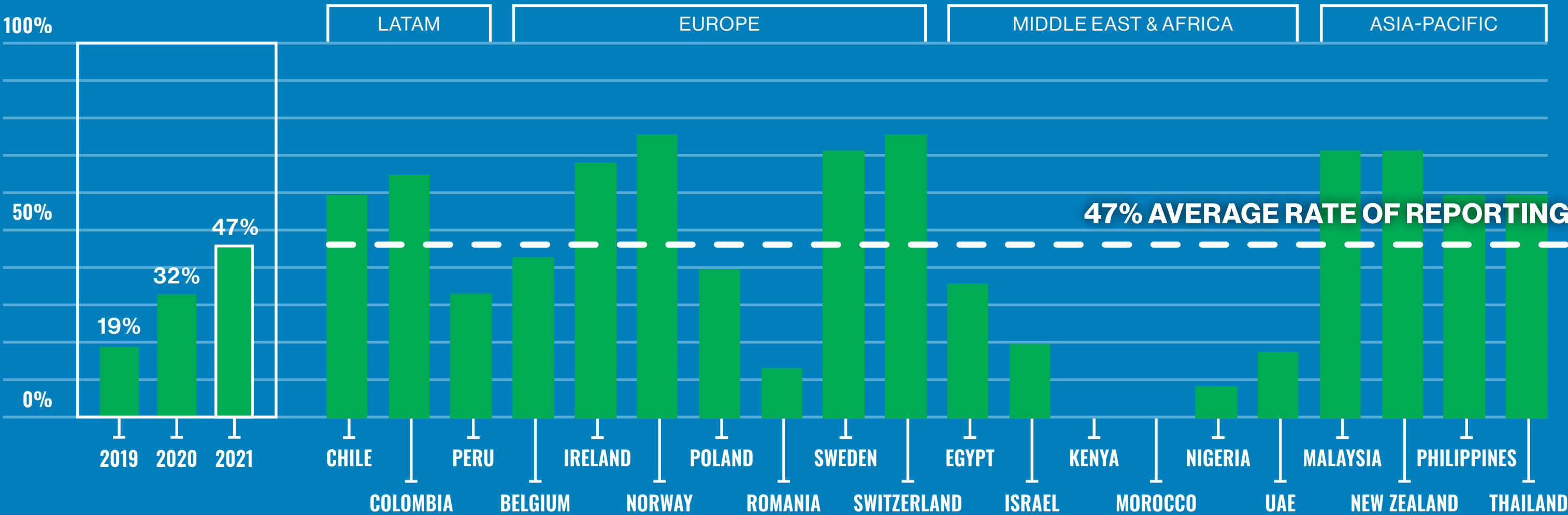
The use of the TCFD Framework has grown significantly from **19%** in 2019 to **47%** in 2021.

- Asia-Pacific had the highest usage (66%).
- The Middle East & Africa had the lowest usage (11%).

SASB Standards – Jurisdictional reference or use of the SASB Standards during 2021



TCFD Framework – Jurisdictional reference or use of the TCFD Framework during 2021



USE OF STANDARDS AND FRAMEWORKS

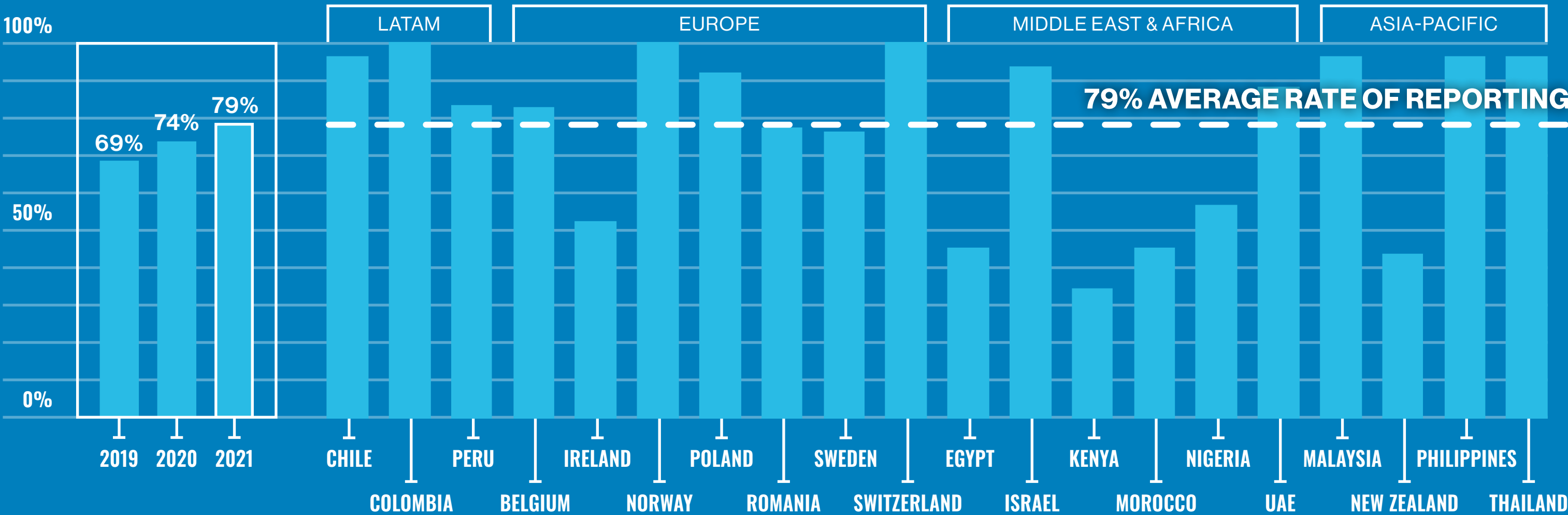
The use of GRI standards has grown significantly from **69%** in 2019 to **79%** in 2021.

- Latin America had the highest usage (93%).
- The Middle East & Africa had the lowest usage (59%).

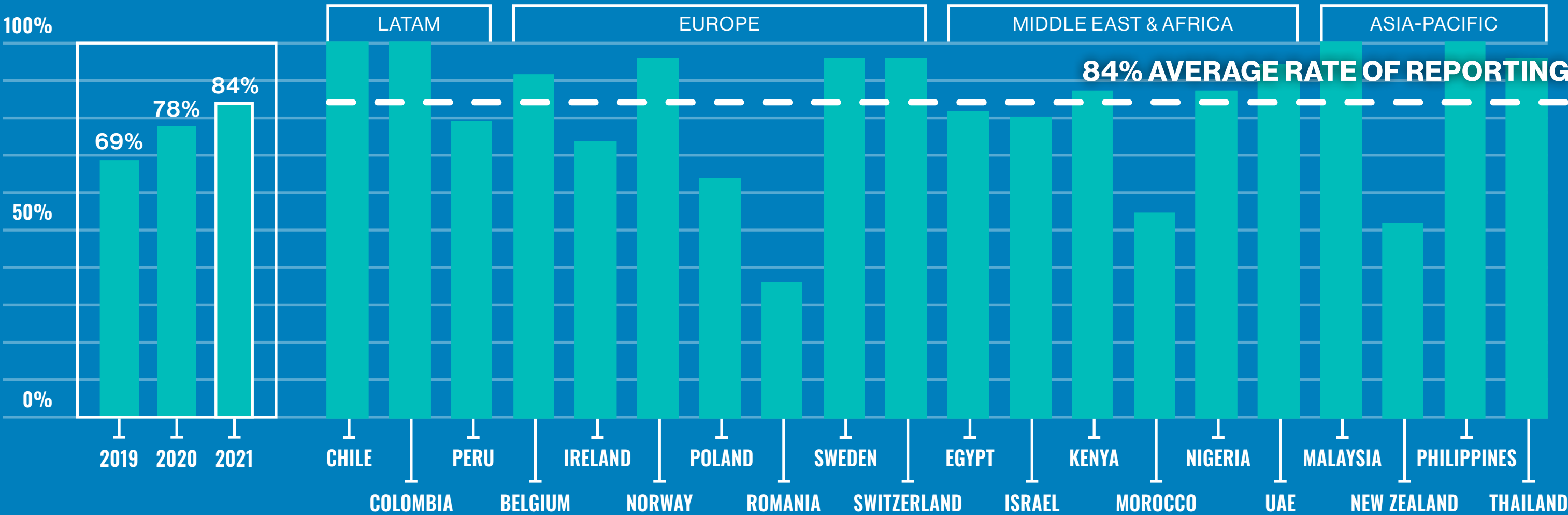
The SDG goals are the most common sustainability reporting reference (**84%**).

- Latin America had the highest (93%).
- Europe and the Middle East & Africa had the lowest usage (80%).

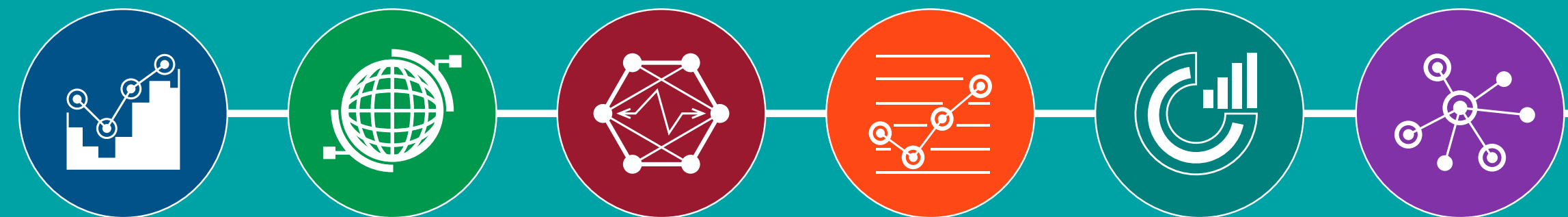
GRI Standards – Jurisdictional reference or use of the GRI Standards during 2021



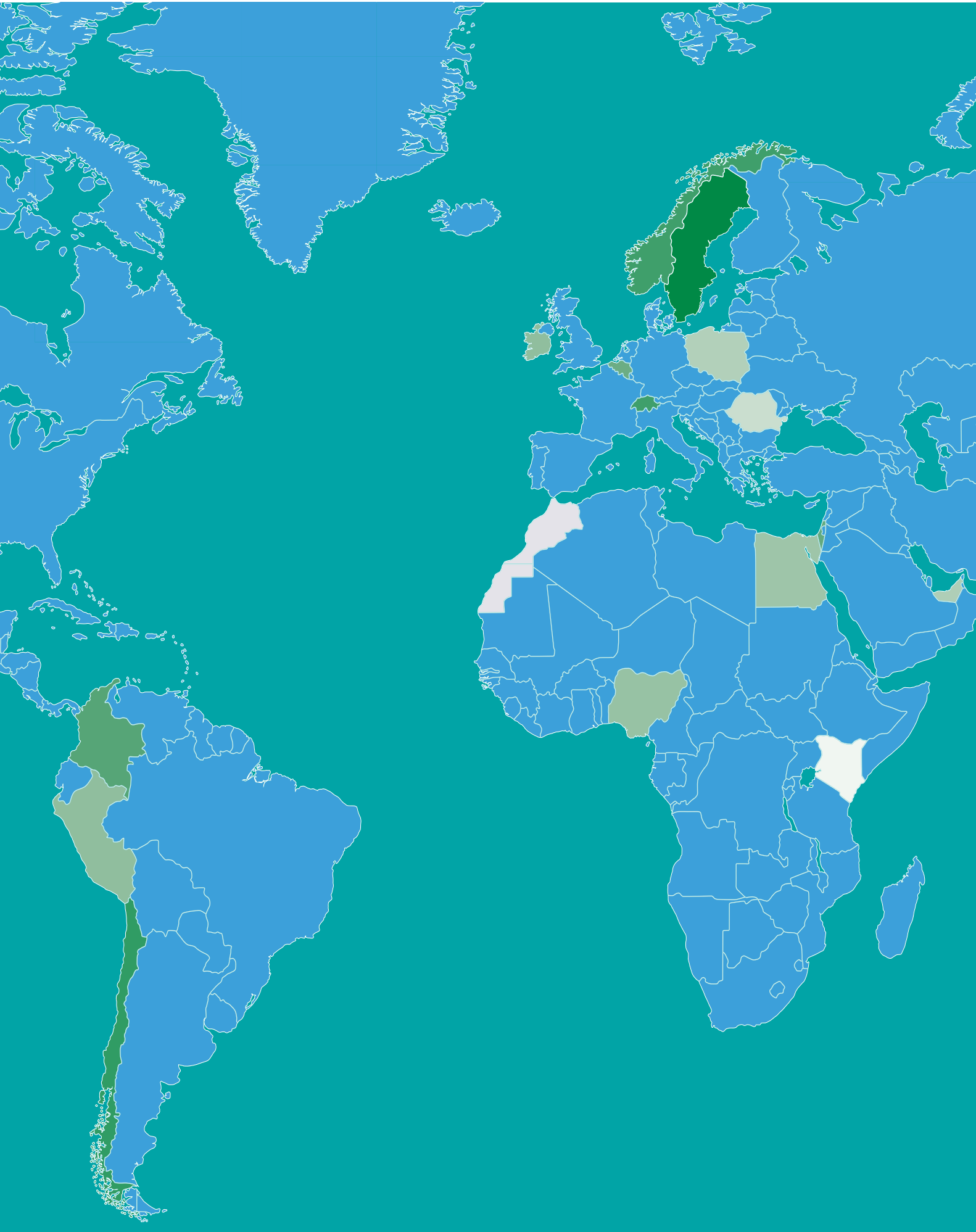
SDG Goals – Jurisdictional reference or use of the SDG Goals during 2021



ASSURANCE

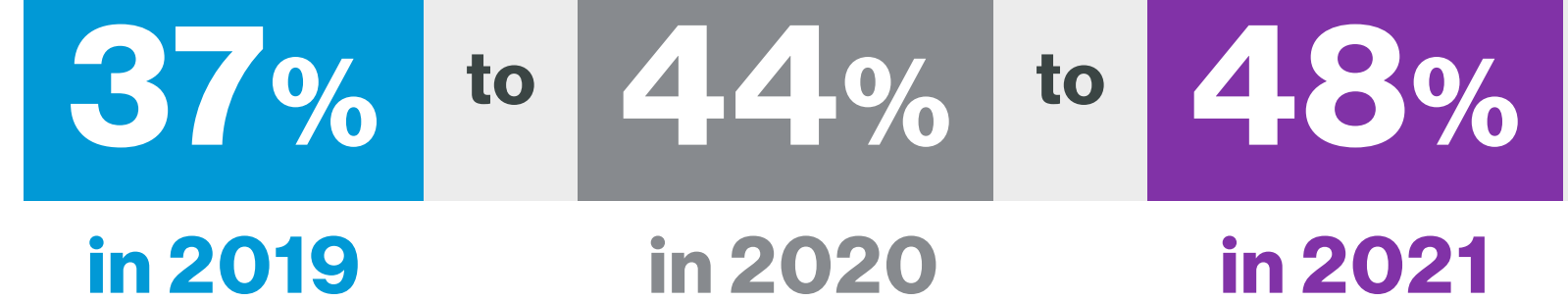


SUMMARY CHANGES: ASSURANCE



ASSURED ESG INFORMATION.

The percentage of companies that obtained assurance on some of their ESG reporting increased from:



The jurisdictions with the largest 3-year increases are Chile, Ireland, Malaysia, Norway, Peru, Thailand, and the UAE.

WHO PROVIDES ASSURANCE.

62%

Of engagements (i.e., 147 of 239 assurance reports from 215 companies) were conducted by audit firms in 2021.

64%

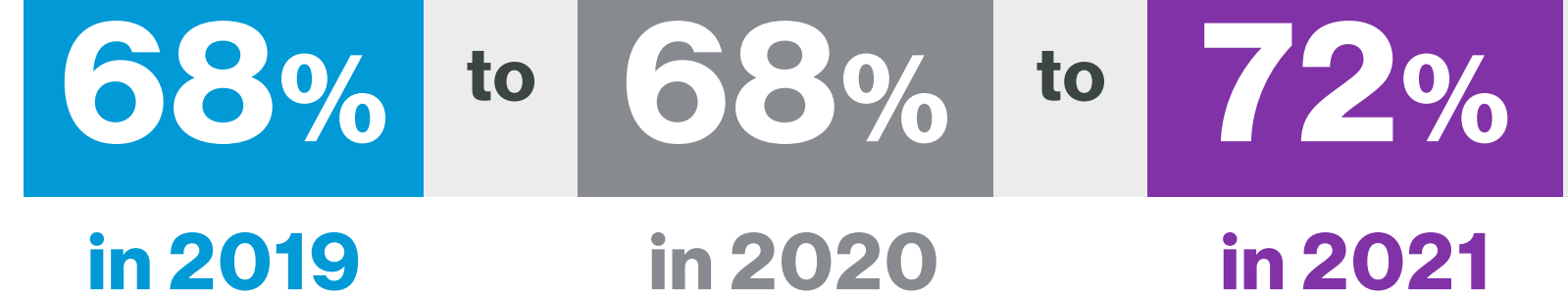
Of engagements (i.e., 129 of 202 assurance reports from 190 companies) were conducted by audit firms in 2020.

64%

Of engagements (i.e., 105 of 165 assurance reports from 157 companies) were conducted by audit firms in 2019.

ASSURANCE STANDARDS.

The International Auditing and Assurance Standards Board's (IAASB) International Standard on Assurance Engagements (ISAE) 3000 (Revised) is the most widely used standard for ESG assurance engagements.



81% of audit firms* used ISAE 3000 (Revised), while non-IAASB standards were most commonly used by the other service providers (OSPs) (i.e., only 38% used ISAE 3000 (Revised)) during 2021).

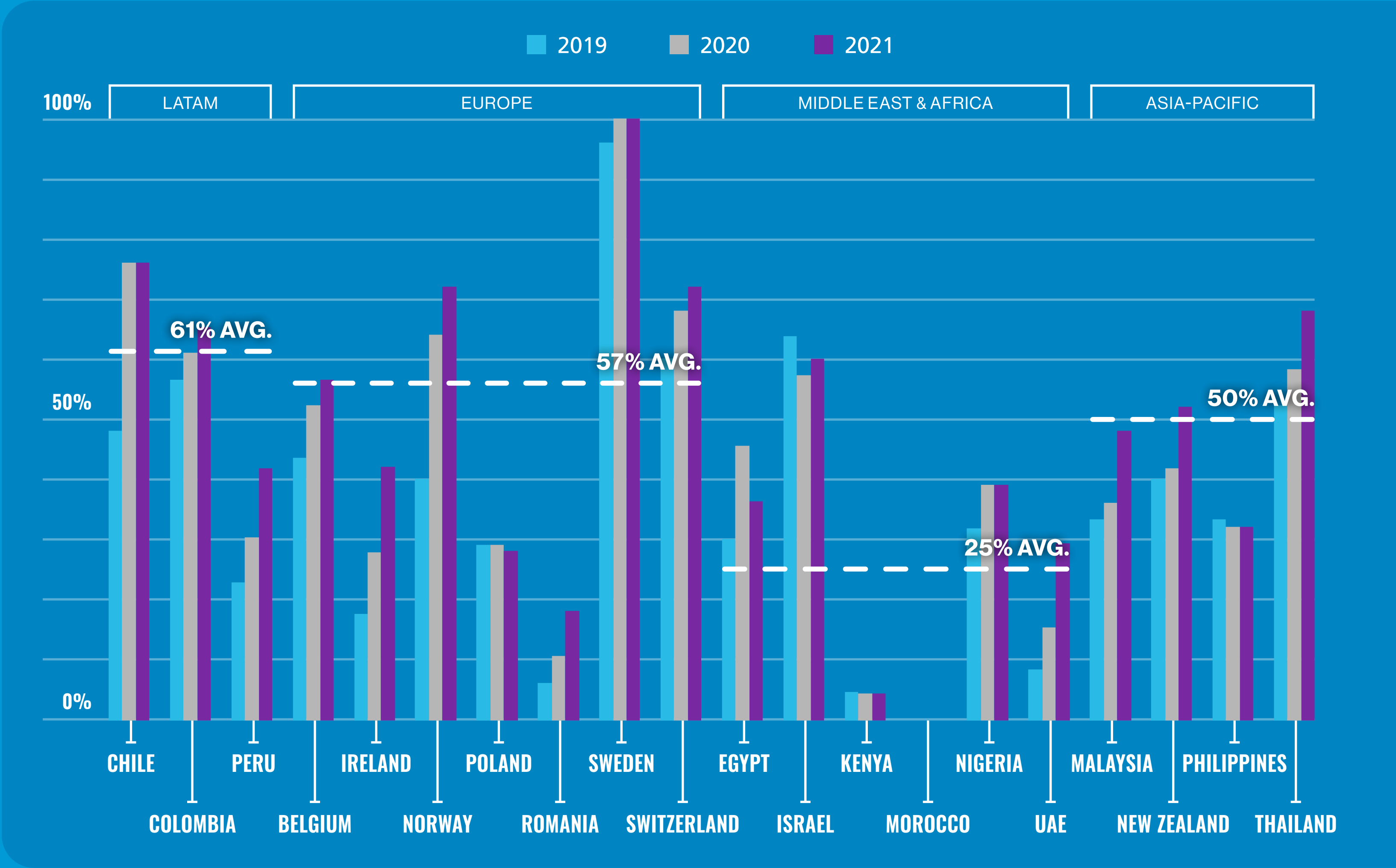
*An additional 12% of firms used national professional accountancy assurance standards, including assurance standards set by FAR in Sweden and attestation standards set by the College of Accountants of Chile in Chile.

RATE OF ASSURANCE BY JURISDICTION

48% of the companies that disclosed ESG data obtained assurance in 2021—up from **37%** in 2019.

- Latin America led assurance growth, rising from 43% in 2019 to 61% in 2021.
- The Middle East & Africa lagged with assurance rates only rising from 19% in 2019 to 25% in 2021.
- Nine jurisdictions have assurance rates above the 48% average for all 20 jurisdictions.
 - Sweden (100%), Chile (76%), Norway (72%), Switzerland (72%), Thailand (68%), Colombia (65%), Israel (60%), Belgium (57%), New Zealand (52%)

The percentage of assurance is based on the number of companies that obtained assurance over reported ESG information (215 in 2021) vs. the total number of companies that reported ESG information (447 in 2021). If a company obtained more than one assurance report (e.g., there were multiple metrics or information individually verified), that company is only counted once. Reviews, verification statements, and other similar items were not counted as assurance reports.



* No assurance engagements were performed in Morocco.

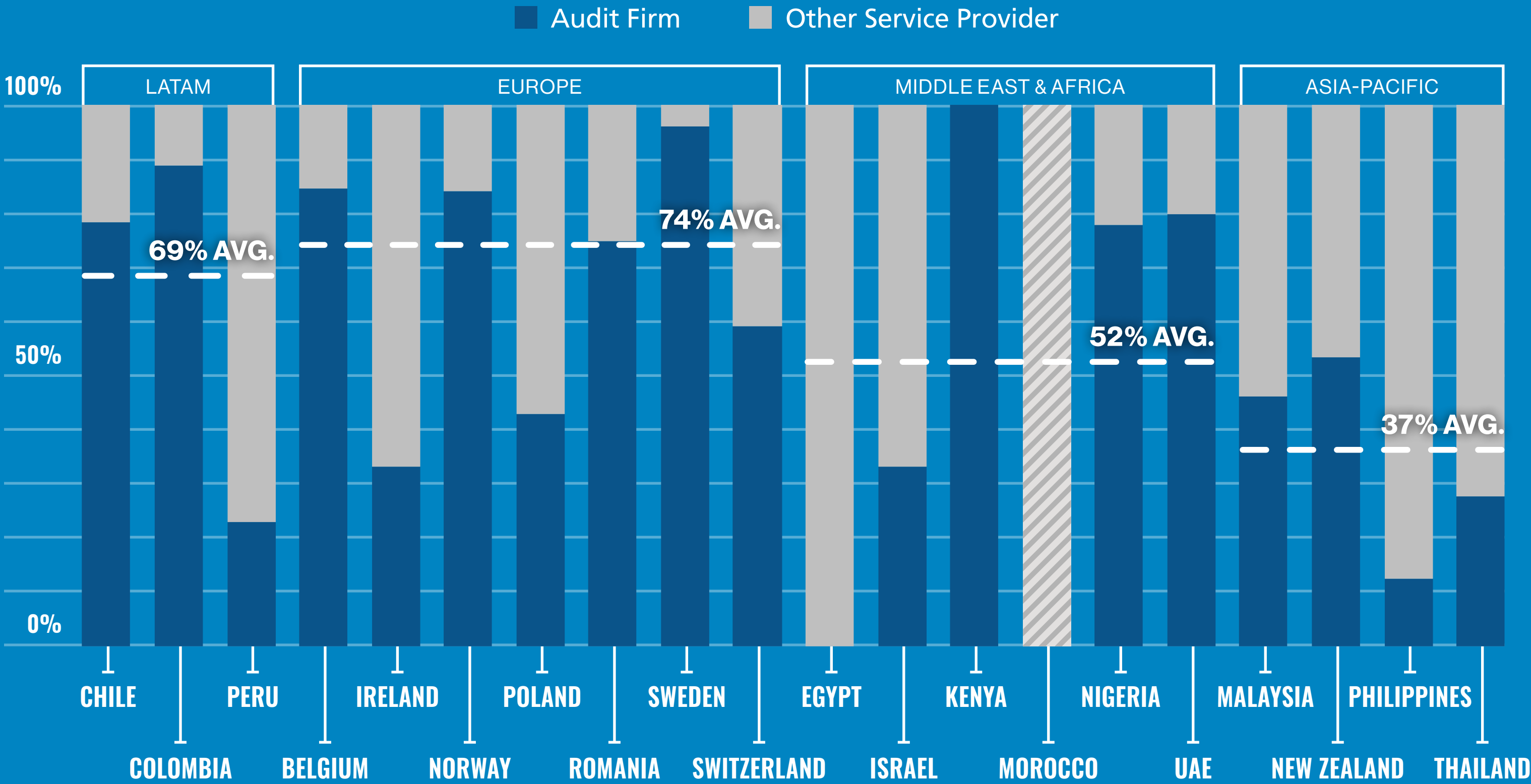
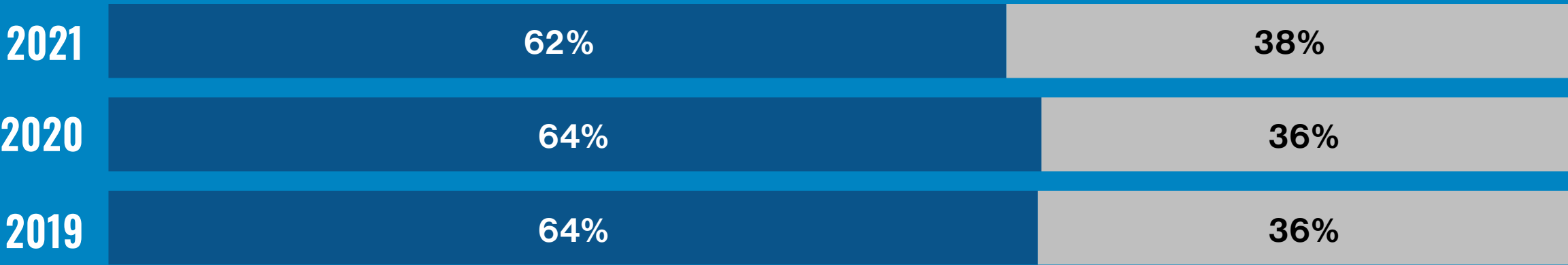
TYPE OF AUDIT FIRM PROVIDING ASSURANCE

Audit firm market share has remained relatively steady (declining 2%) over 2019 to 2021.

- Europe had the highest rate of audit firm assurance (74%).
- Asia & the Pacific had the highest rate of Other Service Provider assurance (63%).
- The frequency of audit firm assurance engagements was consistent over 2019 - 2021, however we note that:
 - All assurance in Kenya was performed by audit firms.
 - All assurance in Egypt was performed by OSPs.
 - Audit firm assurance increased in Romania from 0% in 2019 to 75% in 2020.

Assurance provider is calculated as the number of assurance reports signed by firm type vs. the total number of assurance reports.

On average – 62% of assurance in 2021 was provided by audit firms



* No assurance engagements were performed in Morocco.

LOCATION AND LEVEL OF ASSURANCE

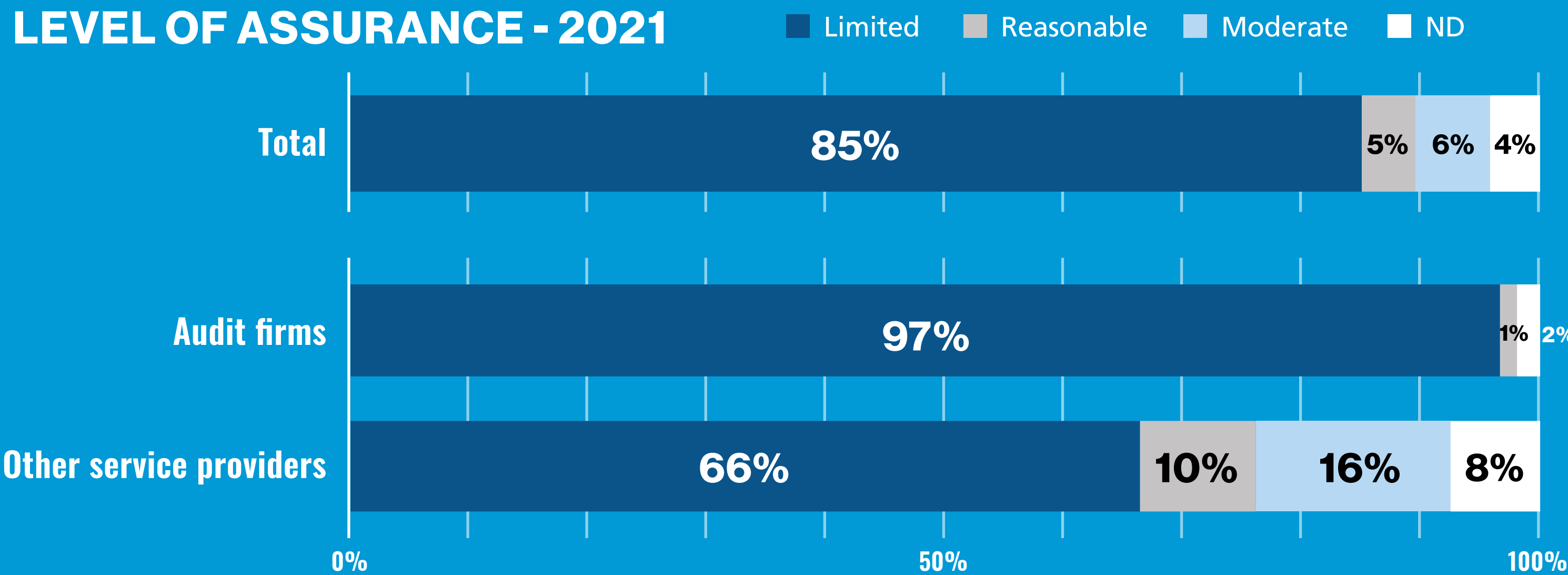
85% of assurance is limited.

- Nearly all audit firm assurance (97%) was performed at a limited level.
- Other Service Providers perform most reasonable and all moderate assurance.

Assurance rates are increasing across all report types.

- Companies that include their sustainability information in integrated reports are more likely to obtain assurance (60%).

LEVEL OF ASSURANCE - 2021



ASSURANCE RATE BY REPORT TYPE

	2019	2020	2021
Sustainability Report	33%	36%	42%
Annual Report	33%	41%	44%
Integrated Report	55%	56%	60%

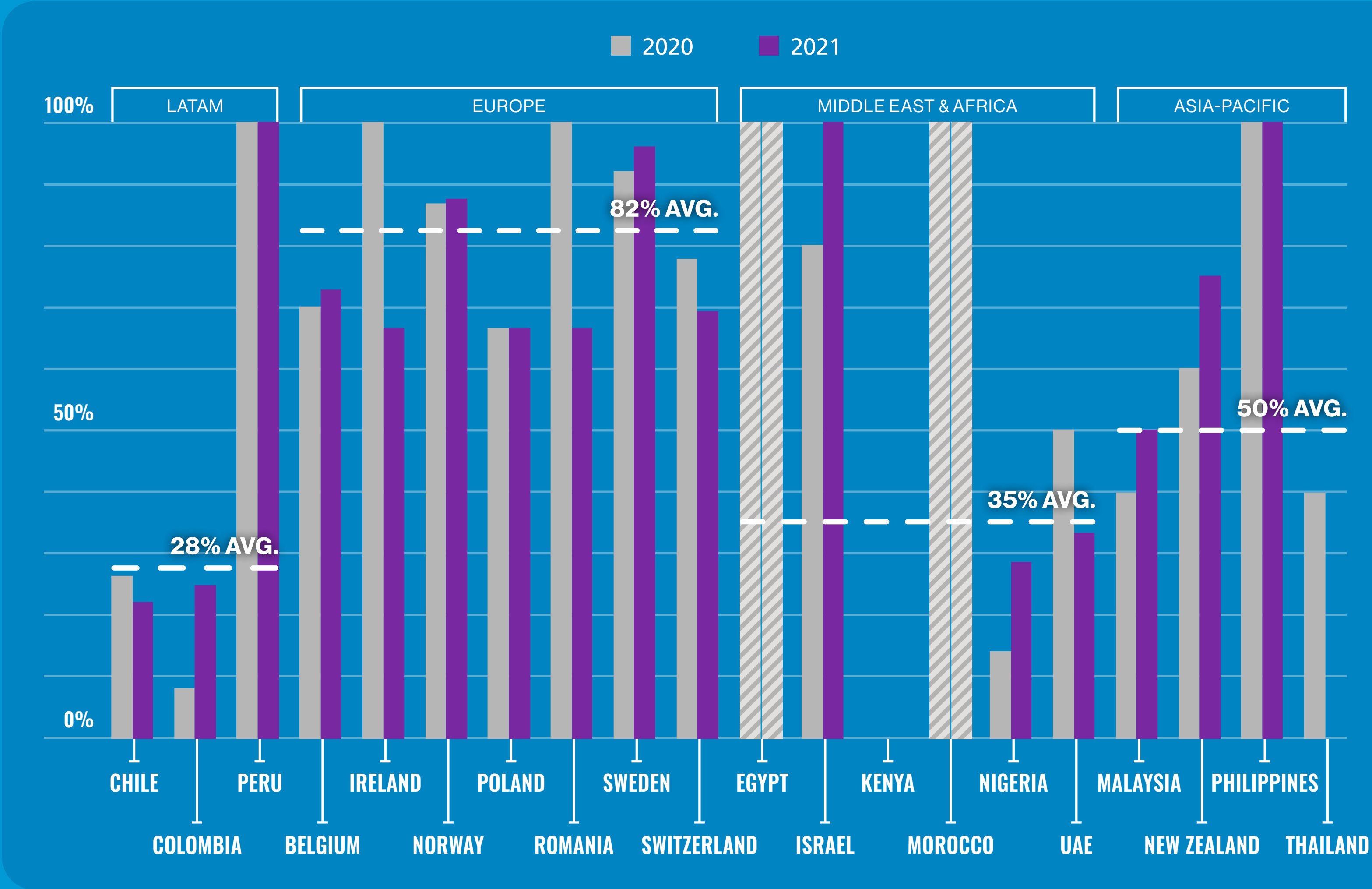
STATUTORY AUDITORS VS. ESG ASSURANCE PROVIDERS

Companies that use an audit firm for sustainability assurance are more likely to use their statutory audit firm (61%) than a different audit firm (39%).

However, regions vary widely:

- European companies use statutory audit firms in 82% of audit firm sustainability assurance engagements.
- Latin American companies use statutory audit firms in 28% of audit firm sustainability assurance engagements.

Statutory audit firm data is presented in *The State of Play series of reports* for 2020 and 2021. 2020 and 2021 data is included here for comparability.



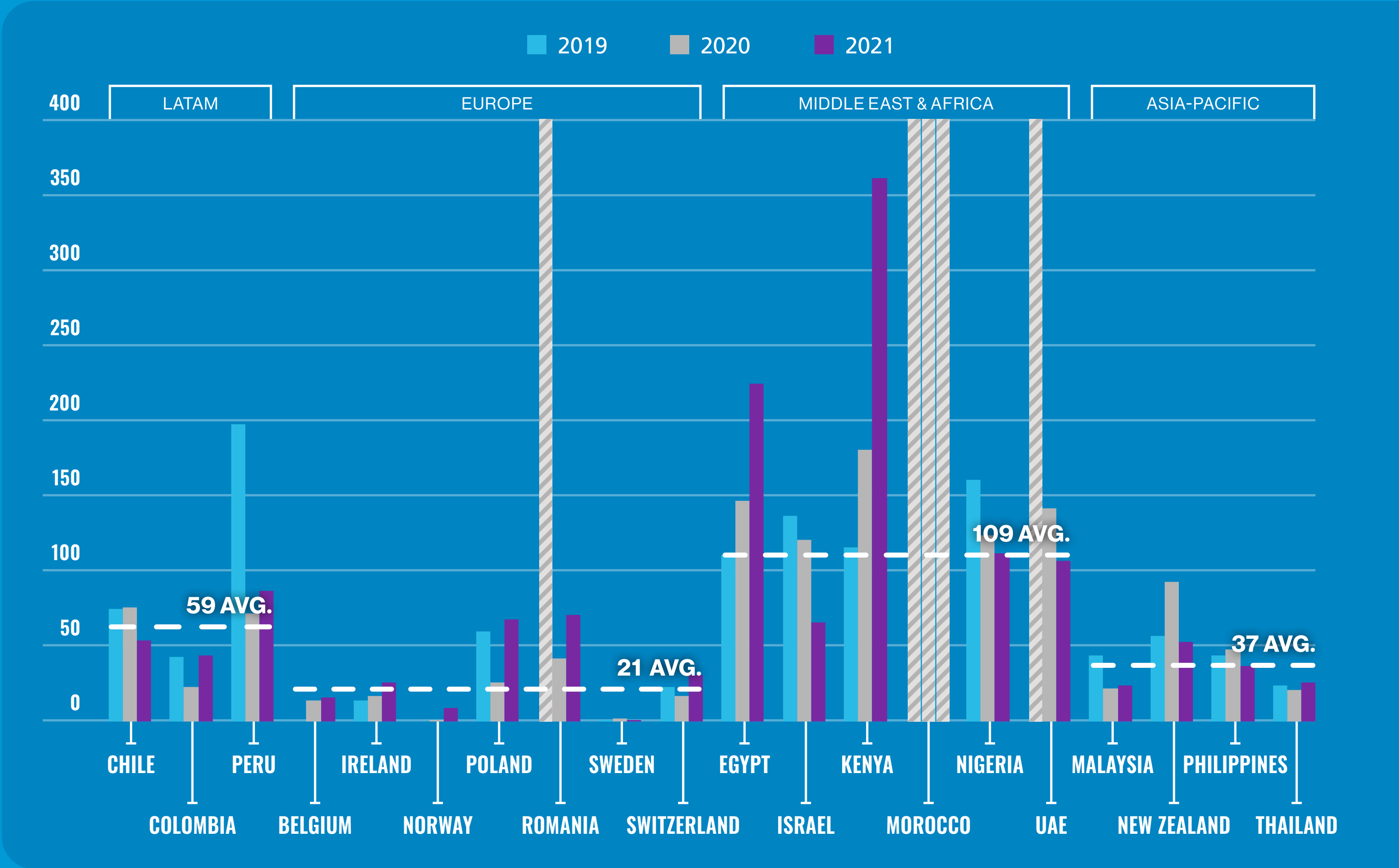
* No assurance engagements were performed in Morocco and no assurance was performance by audit firms in Egypt. All assurance in Kenya during 2020 and 2021, and Thailand during 2021 was performed by a non-statutory audit firm.

DAYS BETWEEN STATUTORY AUDIT AND ESG ASSURANCE

The gap between when statutory audit reports are issued vs. sustainability assurance reports declined from 48 days (2019) to 42 days (2021). However, there are significant differences between regions and jurisdictions.

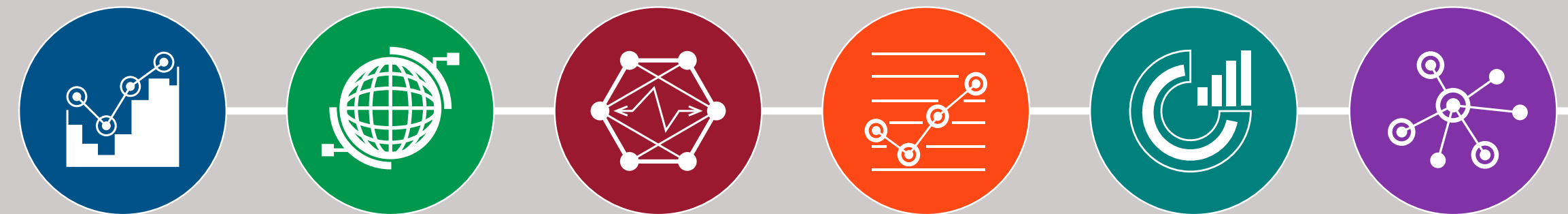
- European companies had the shortest lag of 21 days, on average.
- The Middle East and Africa had the longest lag of 109 days.
- The day lag in Belgium, Ireland, Norway, and Sweden was consistent with that of France, Germany, Italy, and Spain in the G20 State of Play.

Some jurisdictions may have different deadline requirements for statutory reporting vs. voluntary disclosures, which can impact the time between the date of the statutory audit report and ESG assurance report(s).

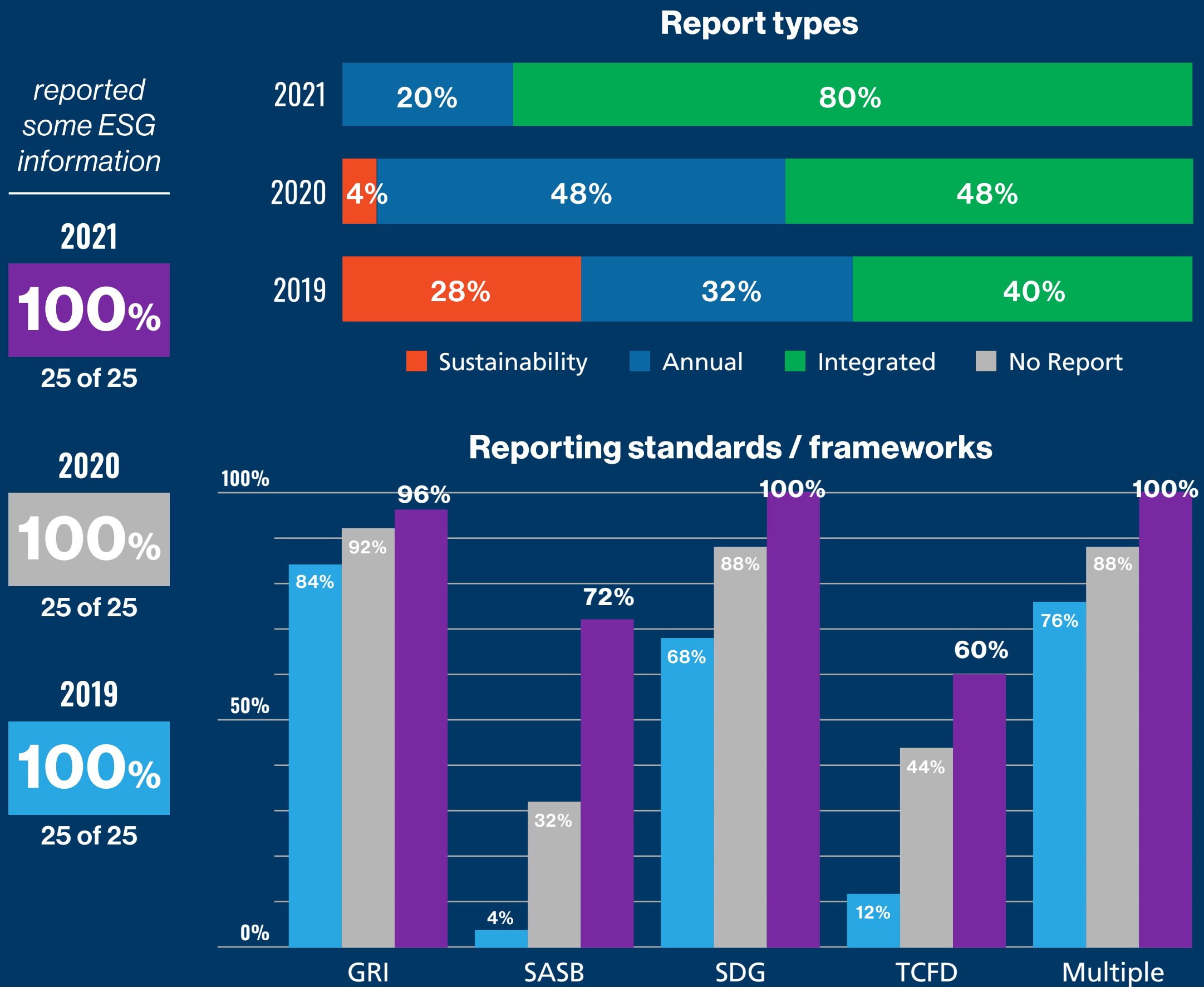


* No assurance engagements were performed in Morocco and no day gap information was available for Romania or UAE in 2019.

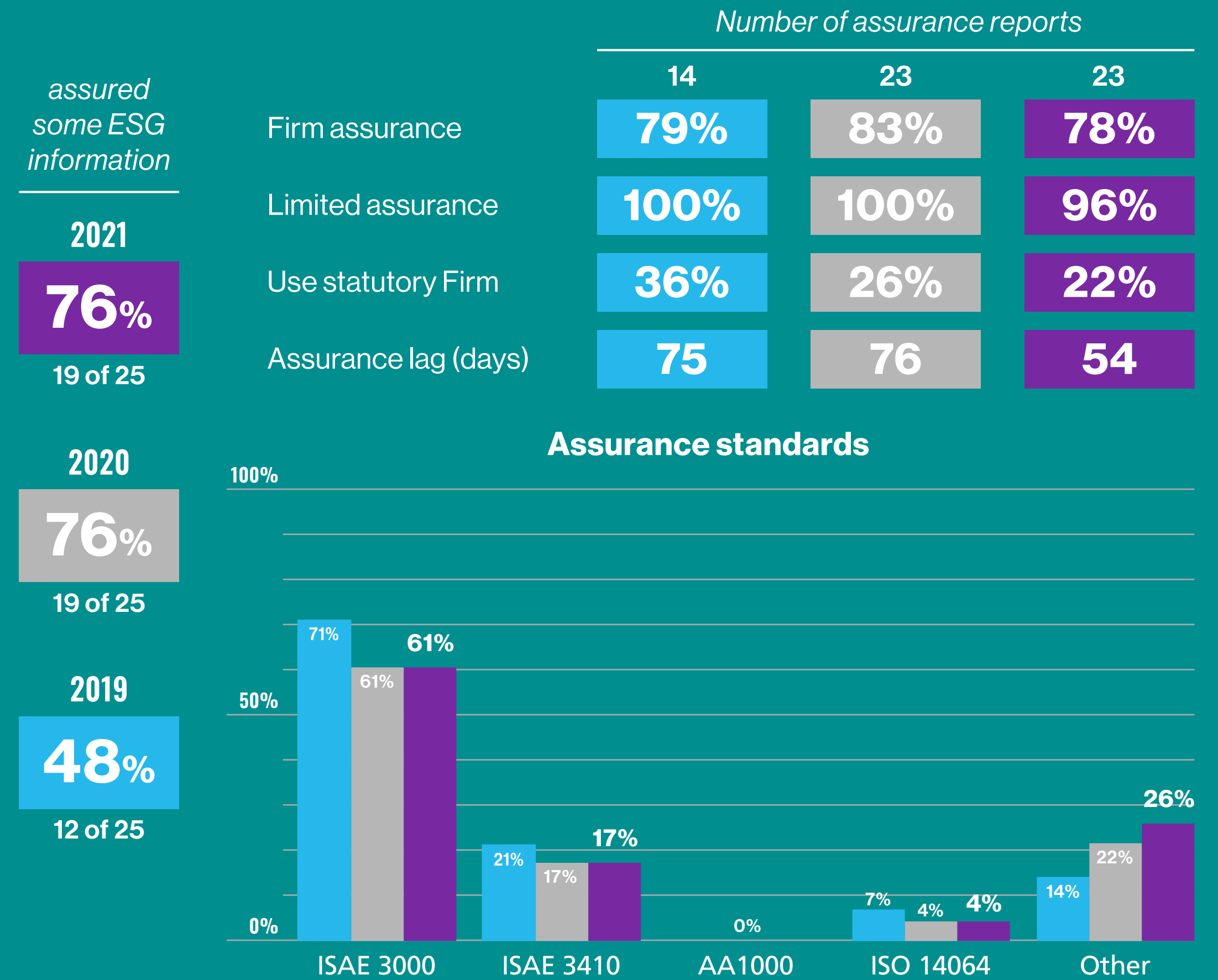
JURISDICTION PROFILES



SUSTAINABILITY DISCLOSURE



SUSTAINABILITY ASSURANCE





SUSTAINABILITY DISCLOSURE

reported
some ESG
information

2021

92%

23 of 25

2020

92%

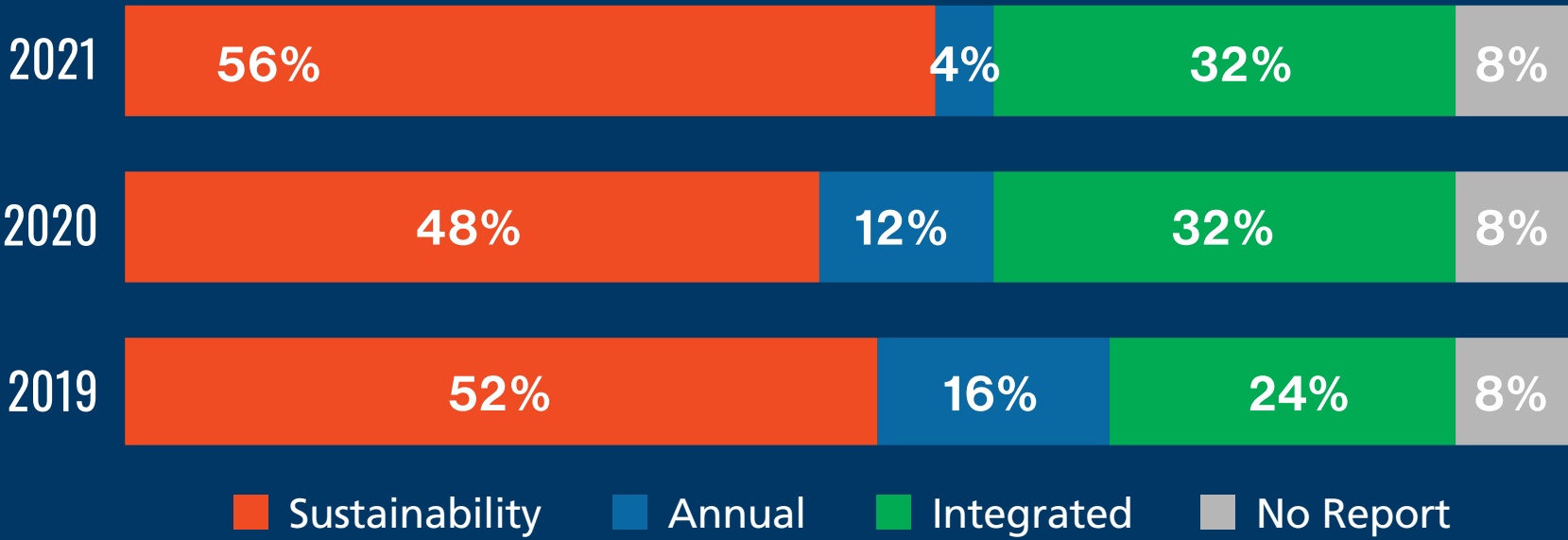
23 of 25

2019

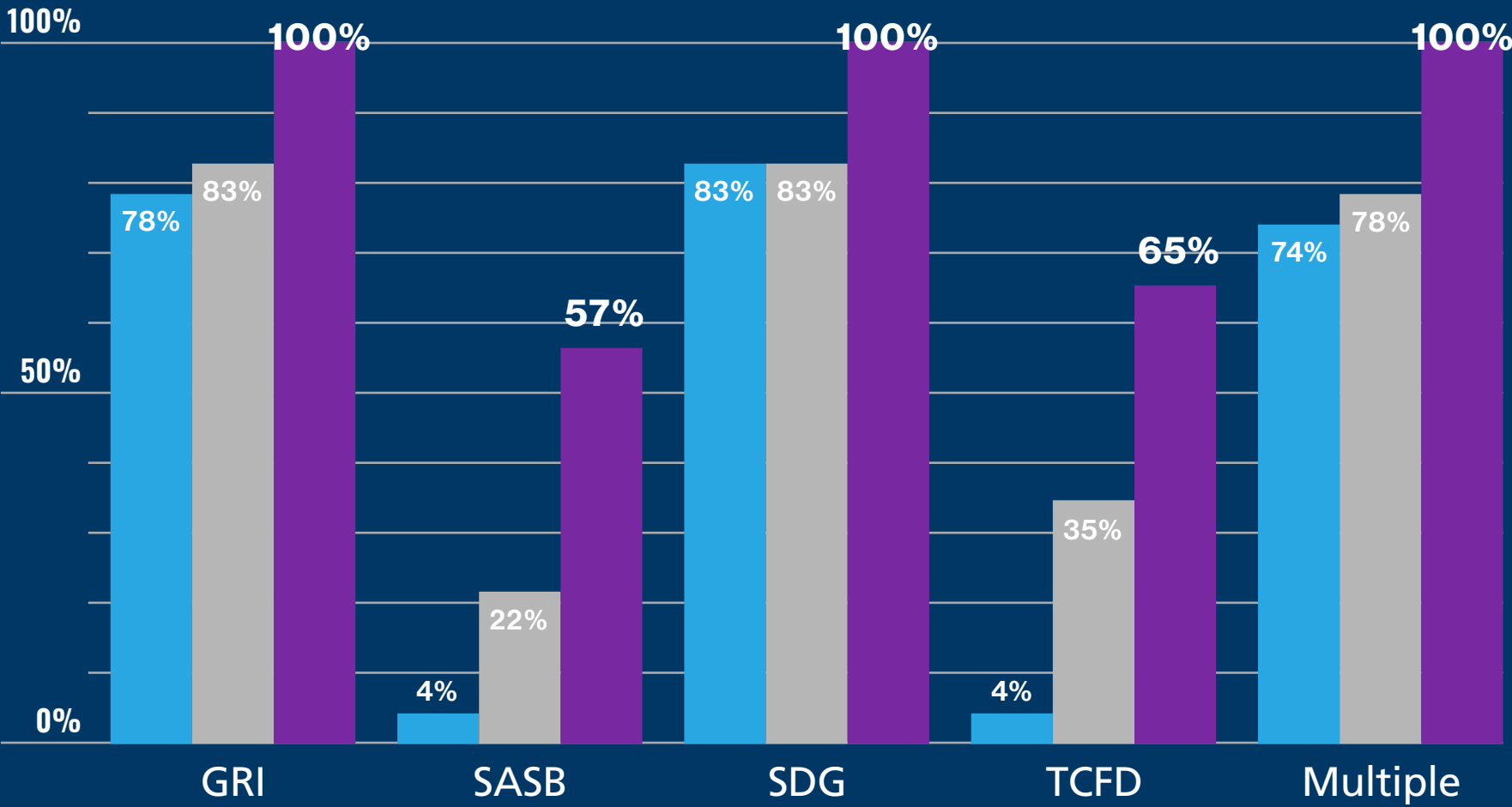
92%

23 of 25

Report types



Reporting standards / frameworks



SUSTAINABILITY ASSURANCE

assured
some ESG
information

2021

65%

15 of 23

2020

61%

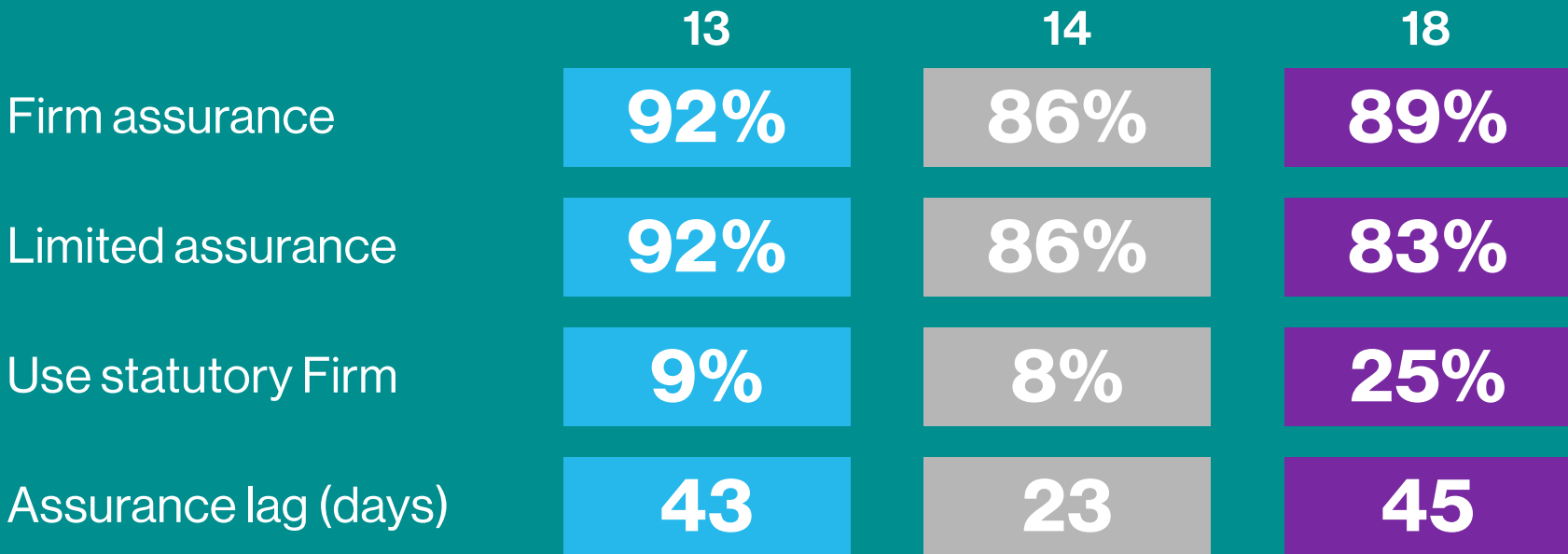
14 of 23

2019

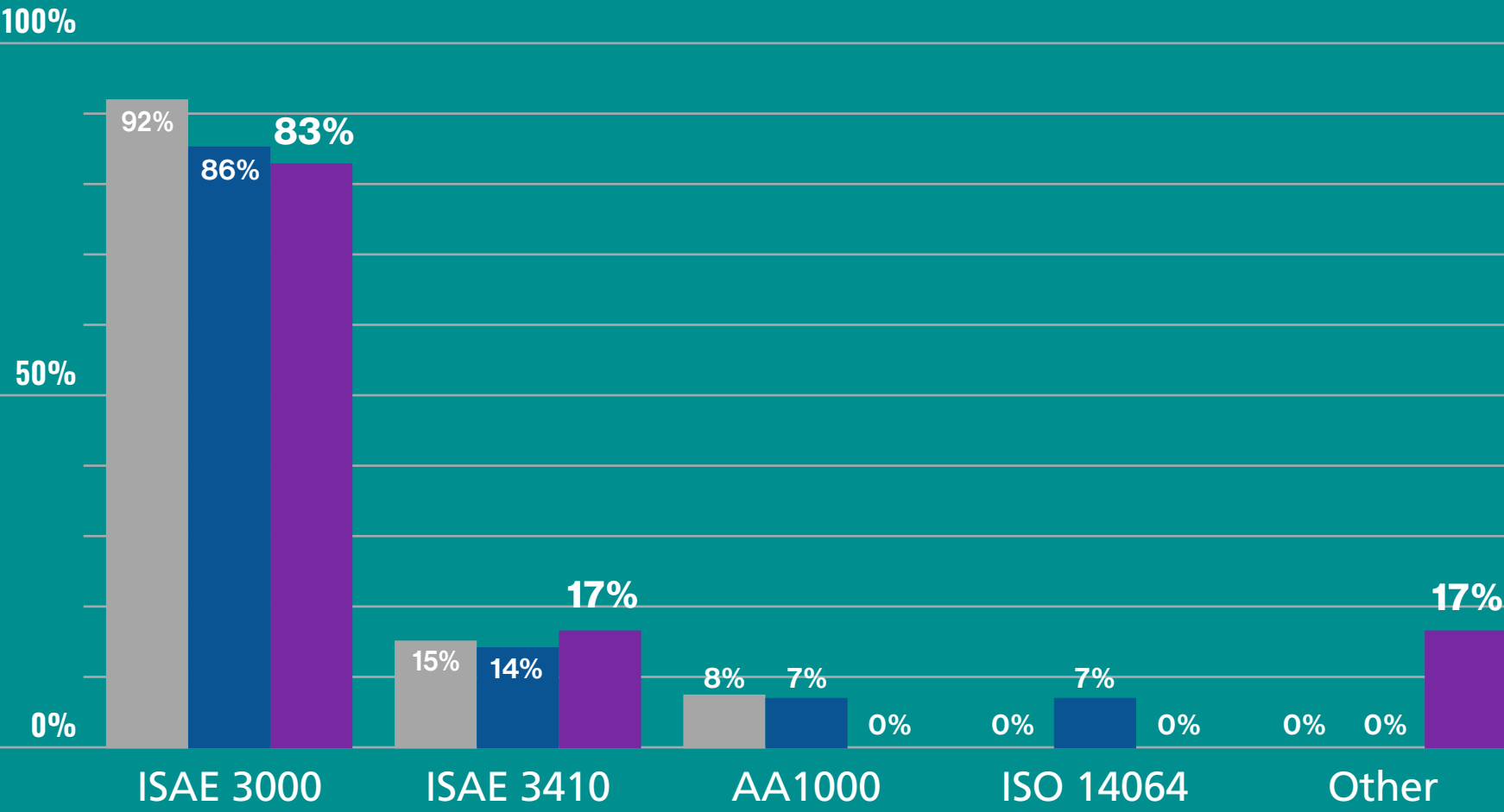
57%

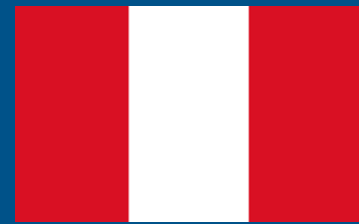
13 of 23

Number of assurance reports

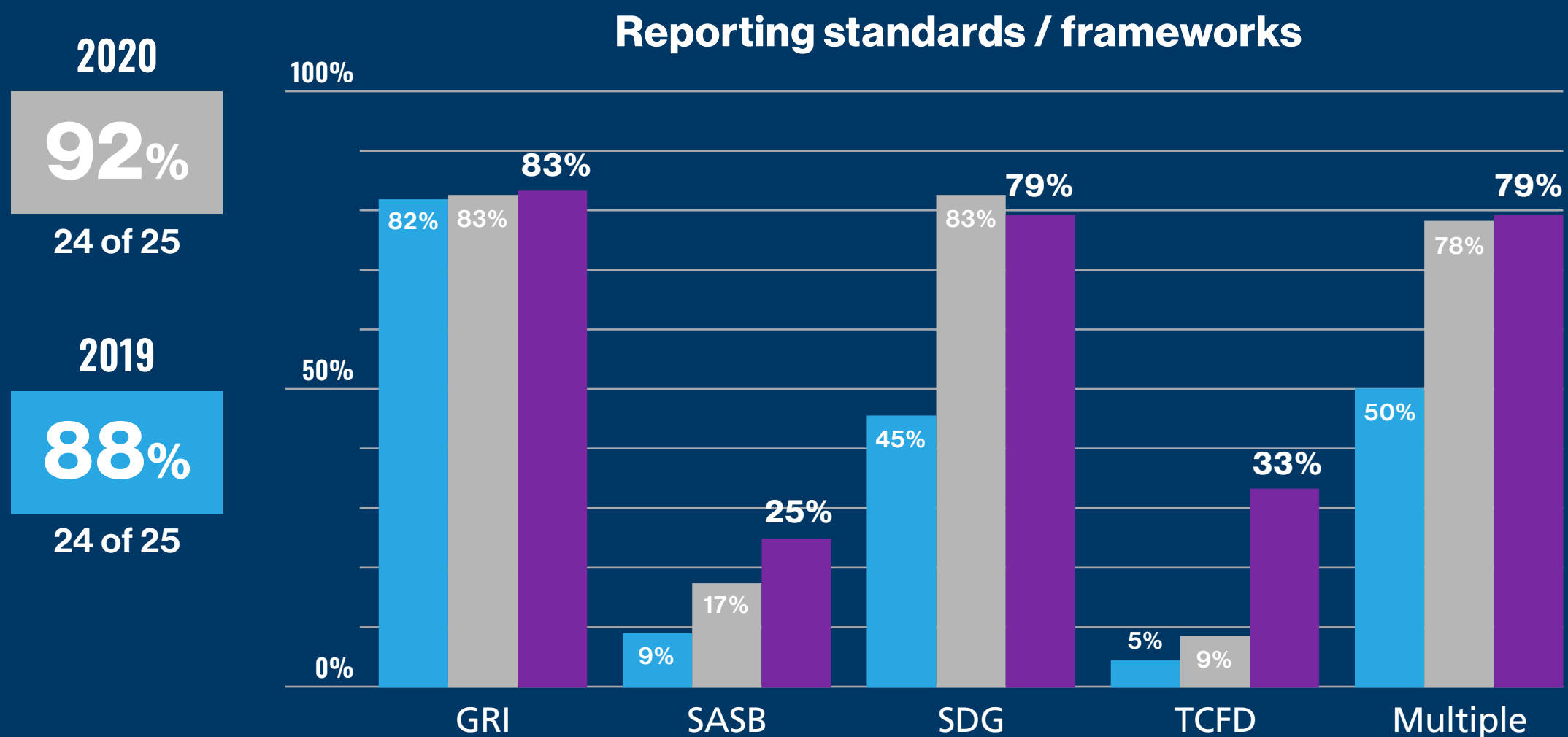
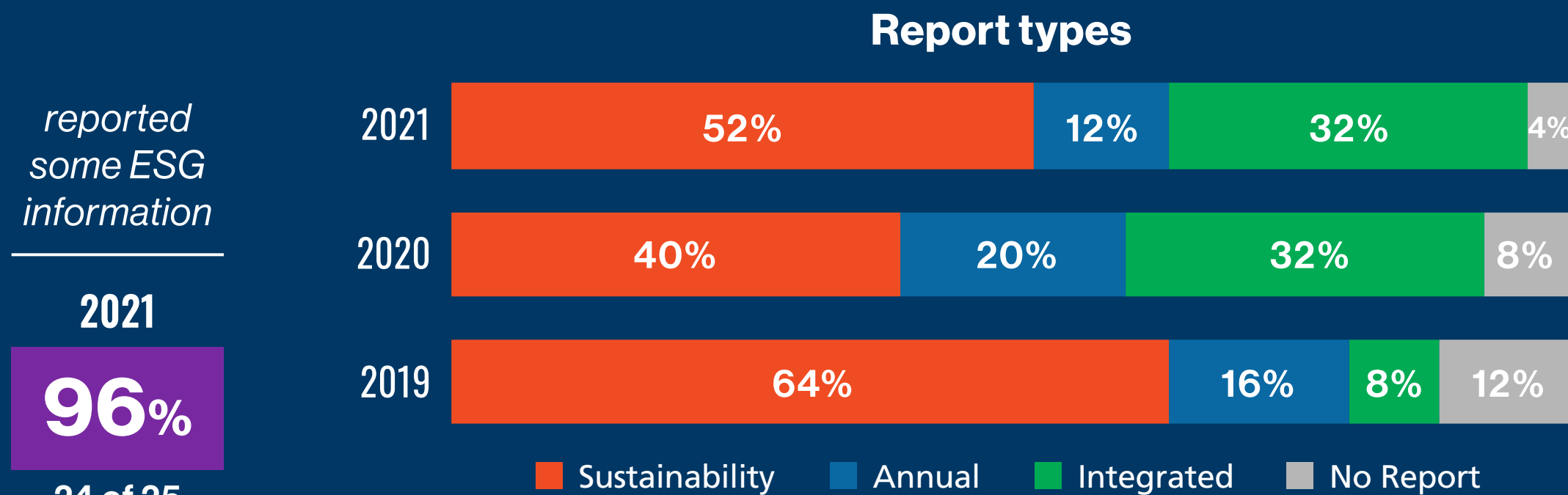


Assurance standards

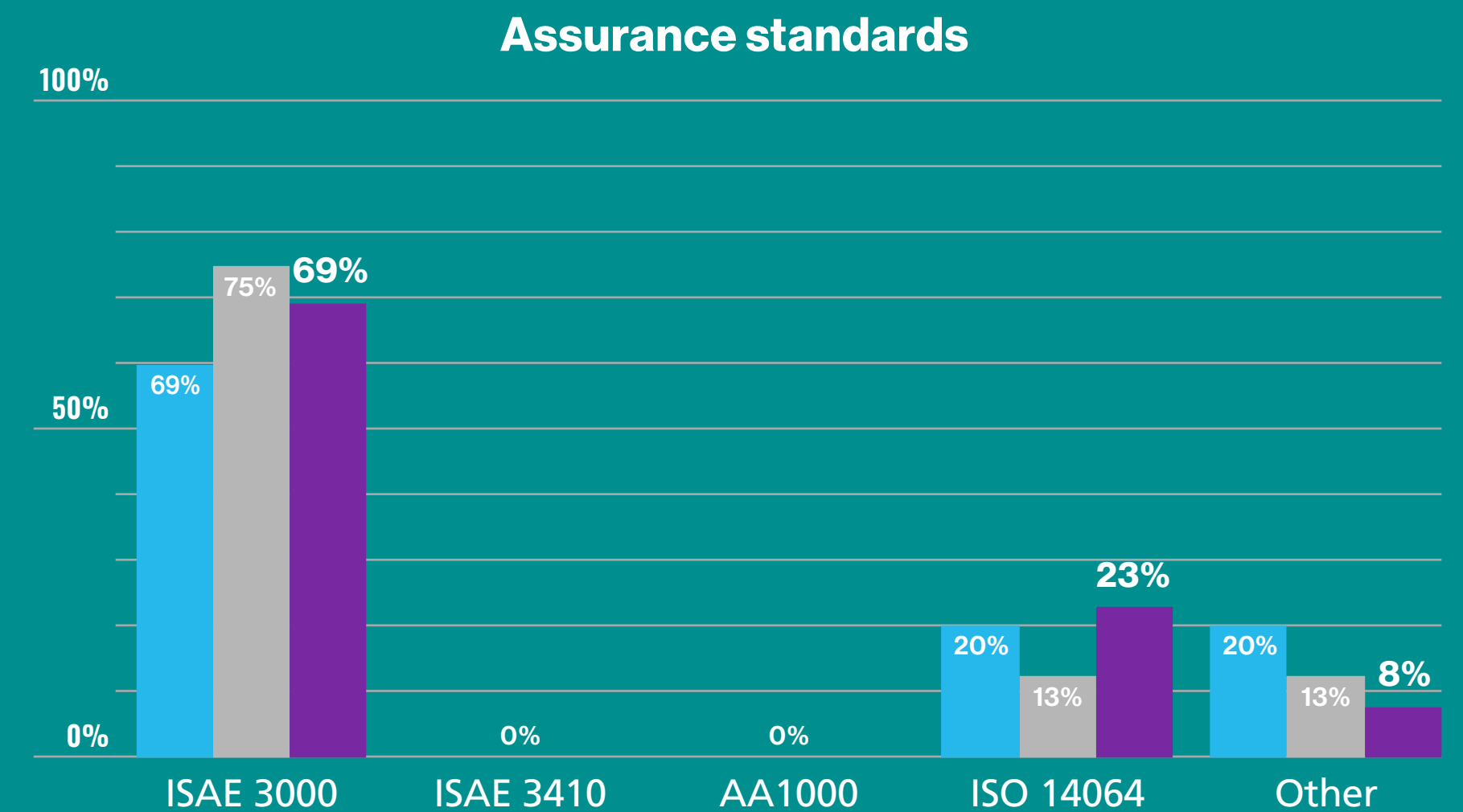
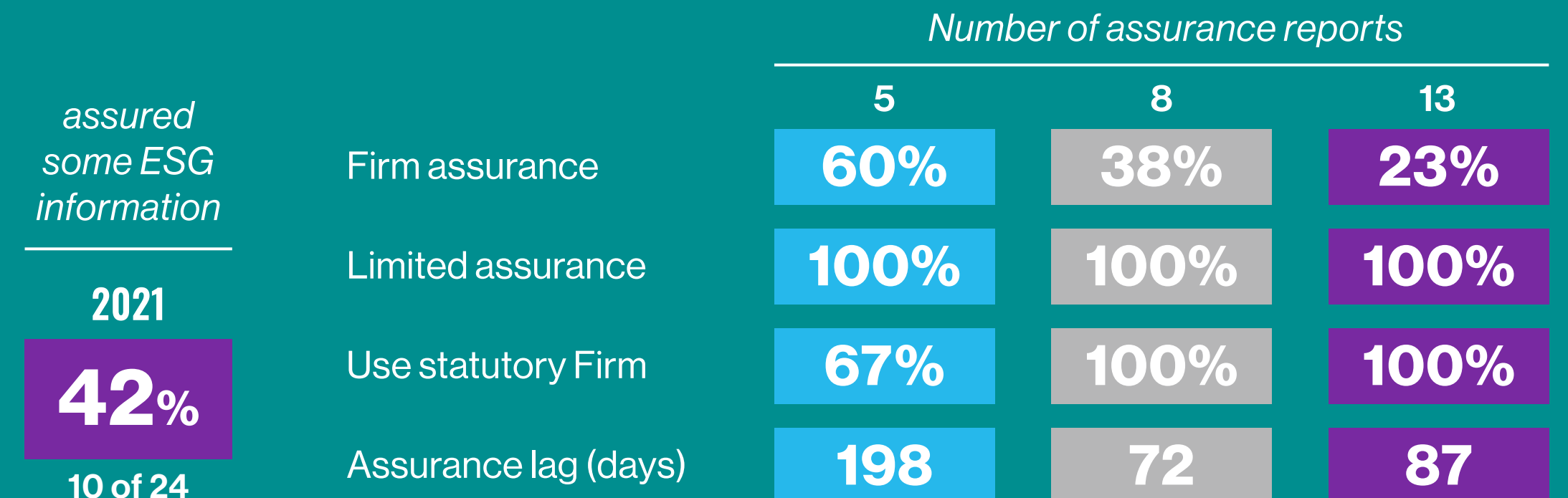




SUSTAINABILITY DISCLOSURE

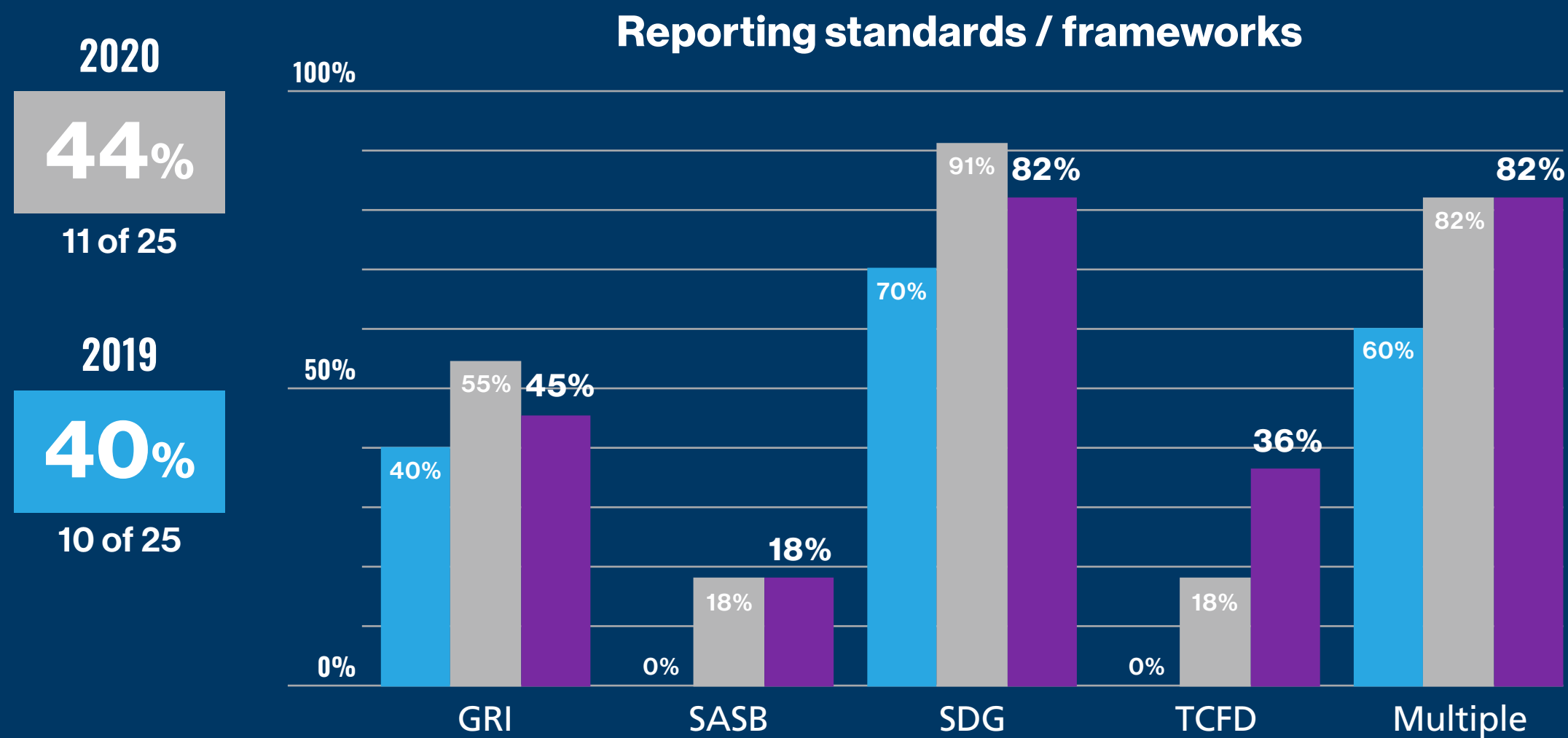
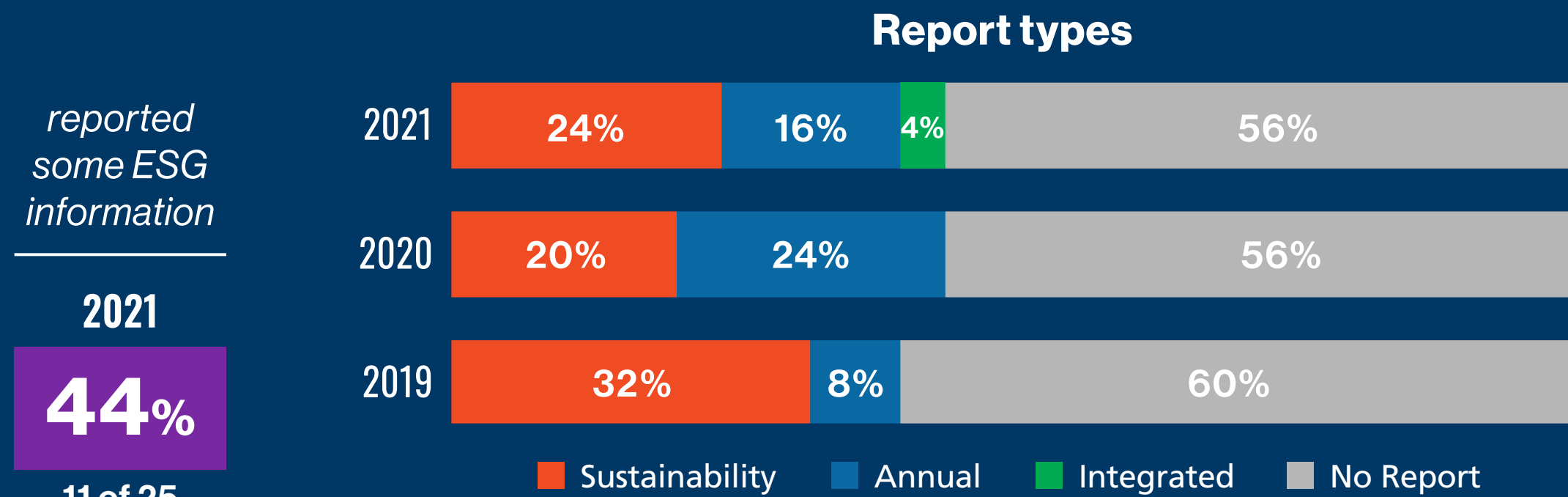


SUSTAINABILITY ASSURANCE

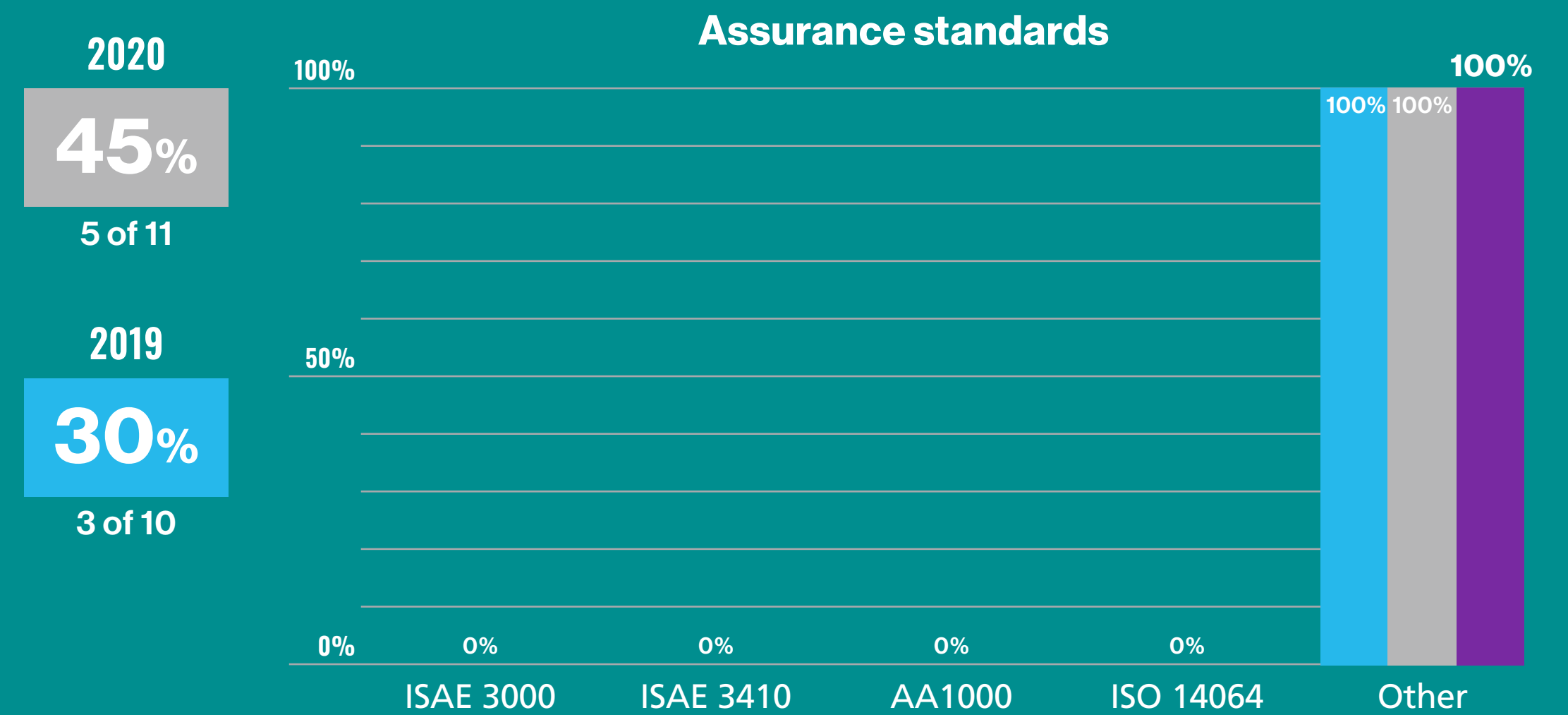
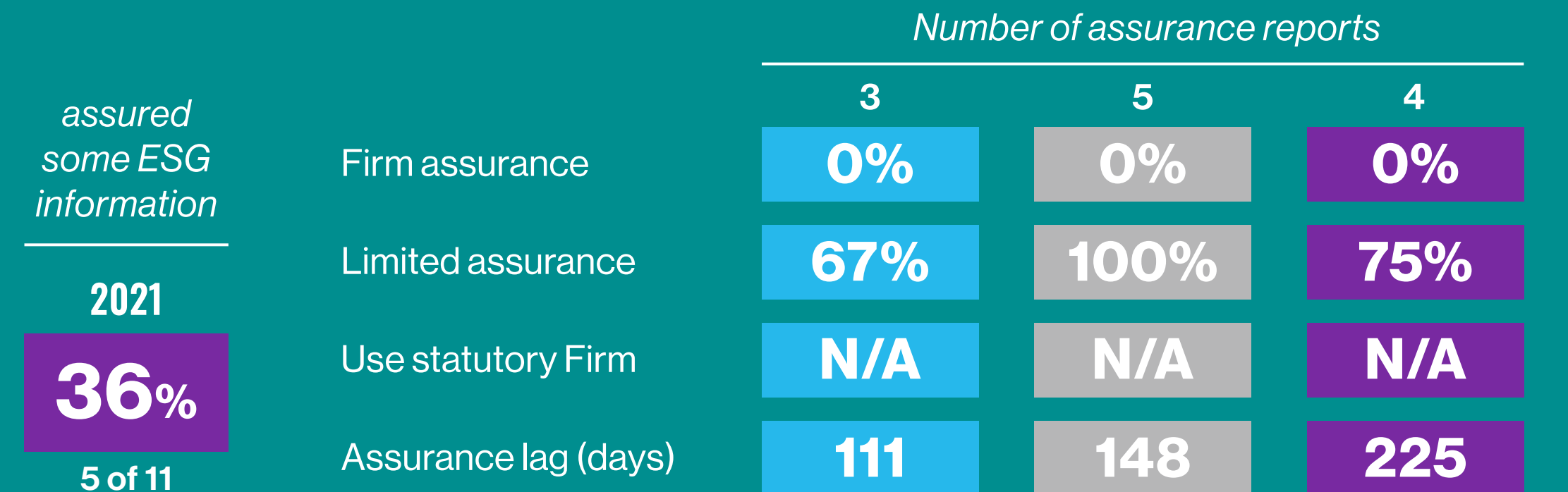


* A company may have more than one assurance report

SUSTAINABILITY DISCLOSURE



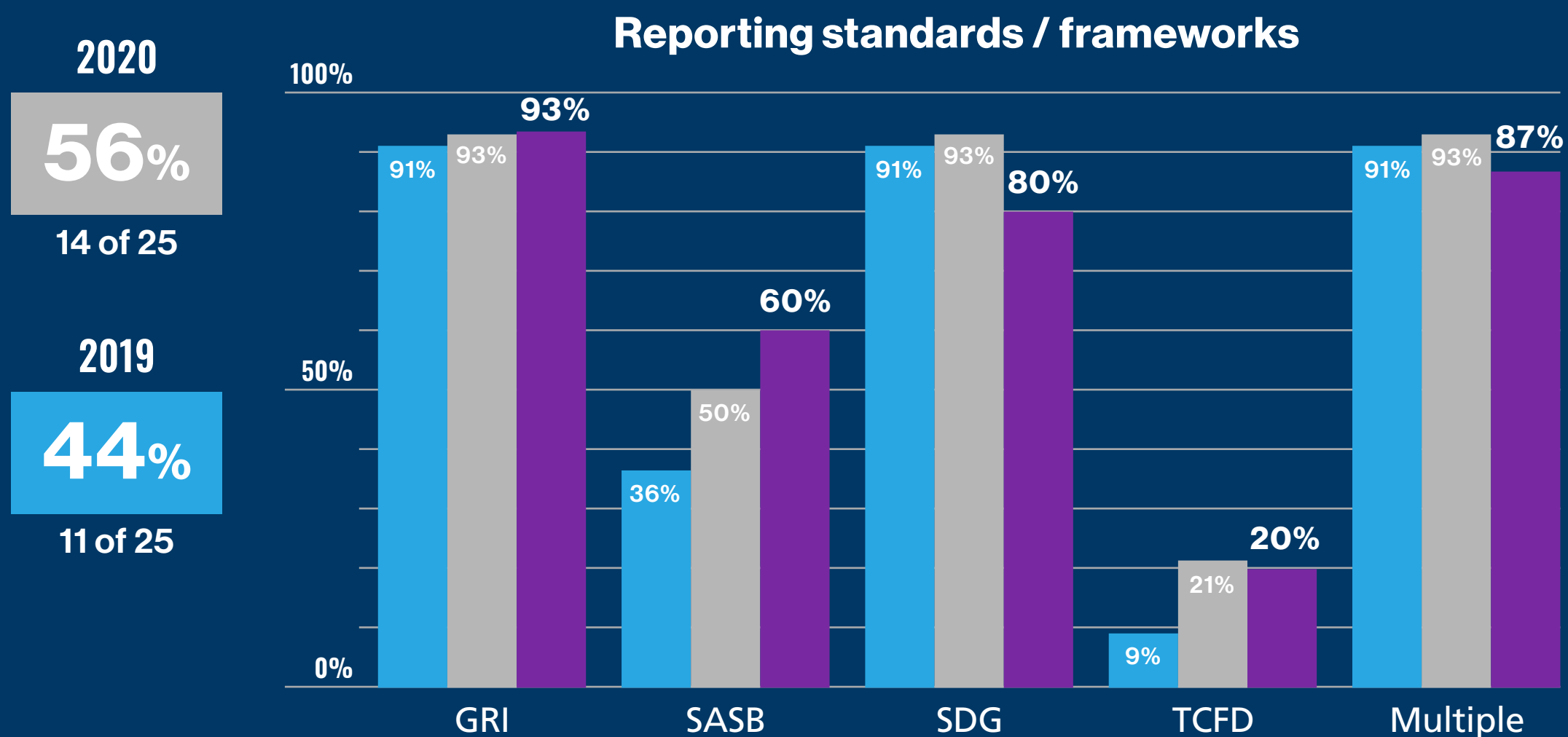
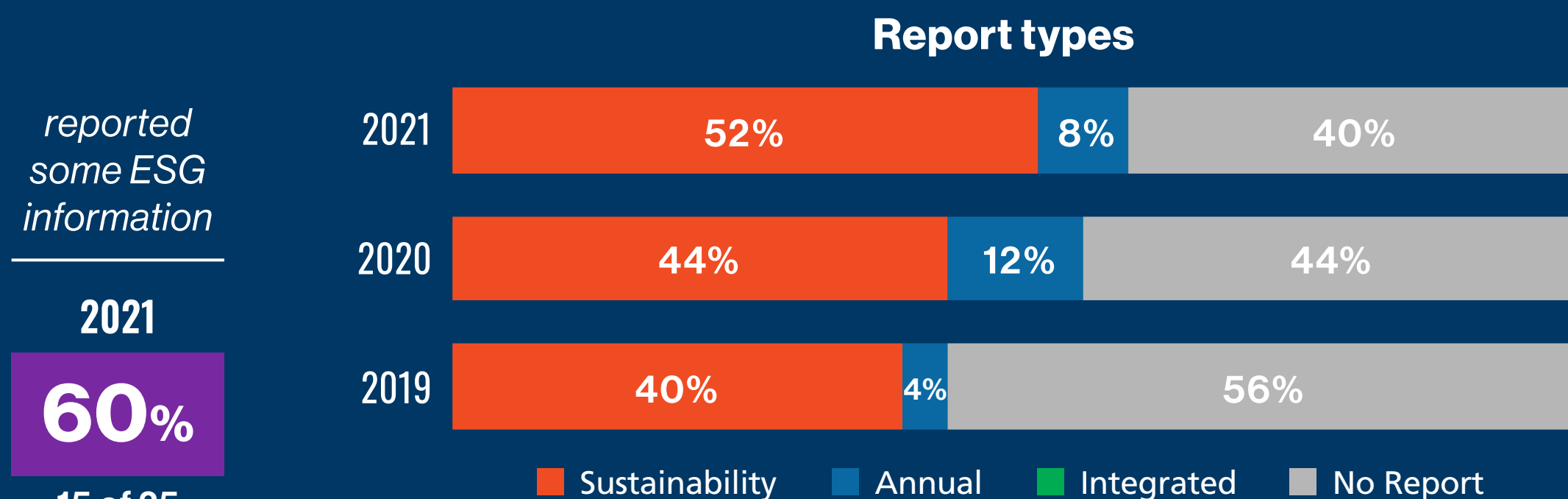
SUSTAINABILITY ASSURANCE



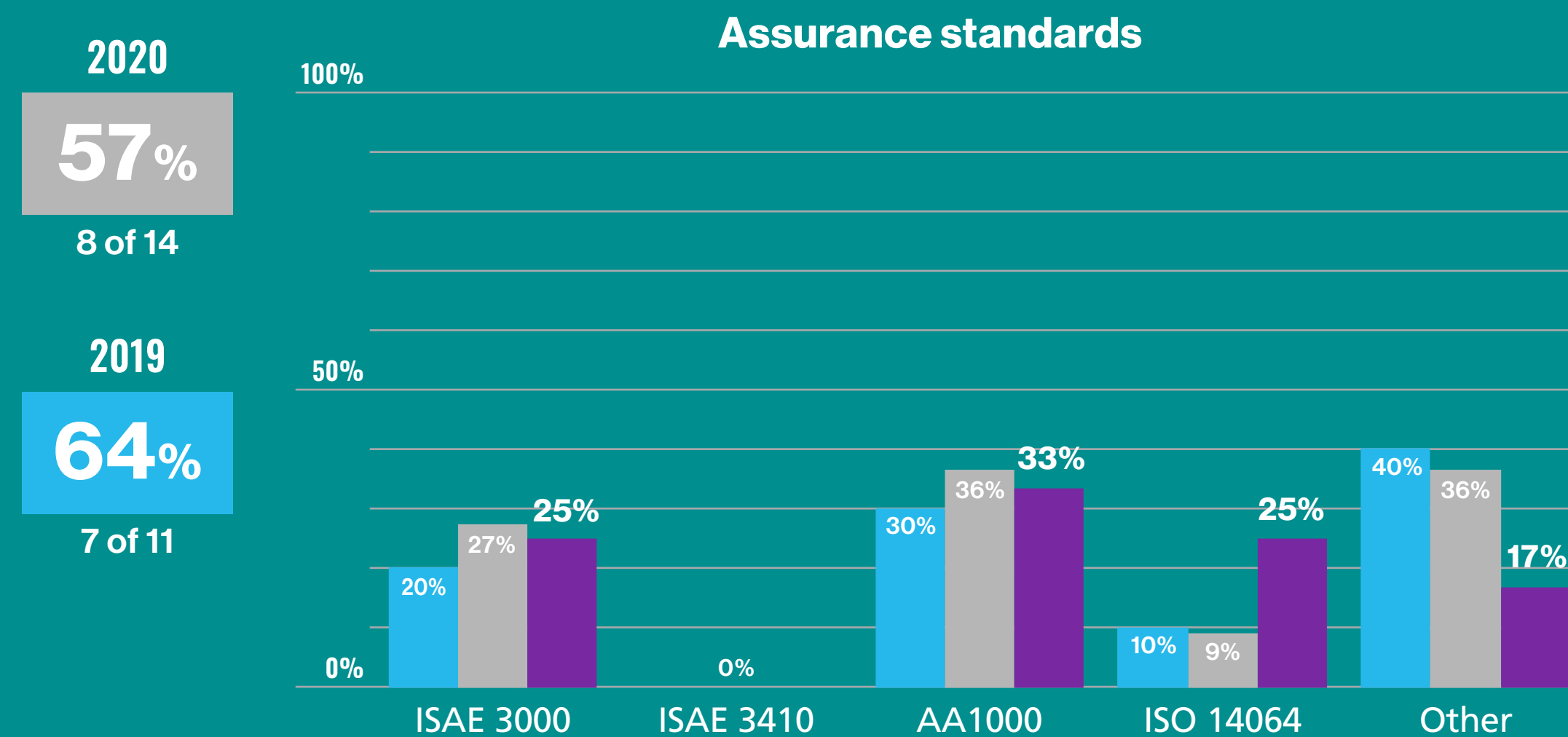
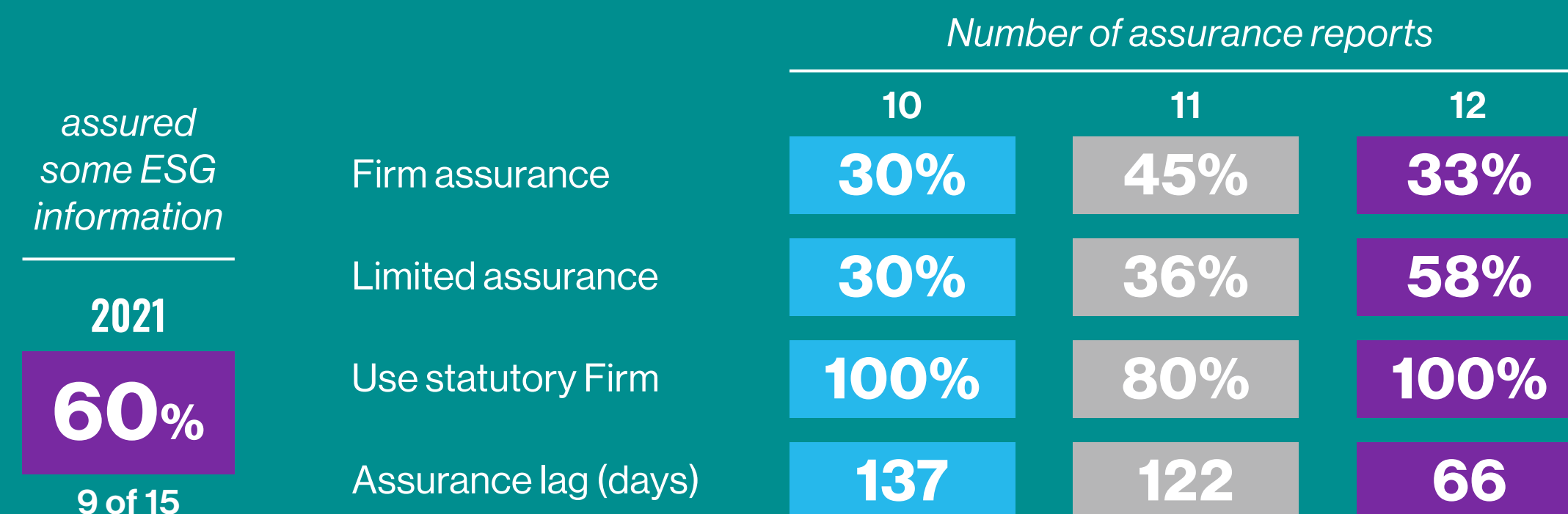
* A company may have more than one assurance report

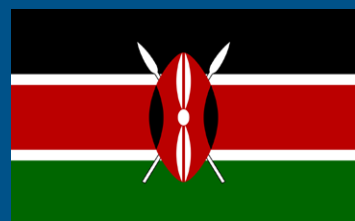


SUSTAINABILITY DISCLOSURE

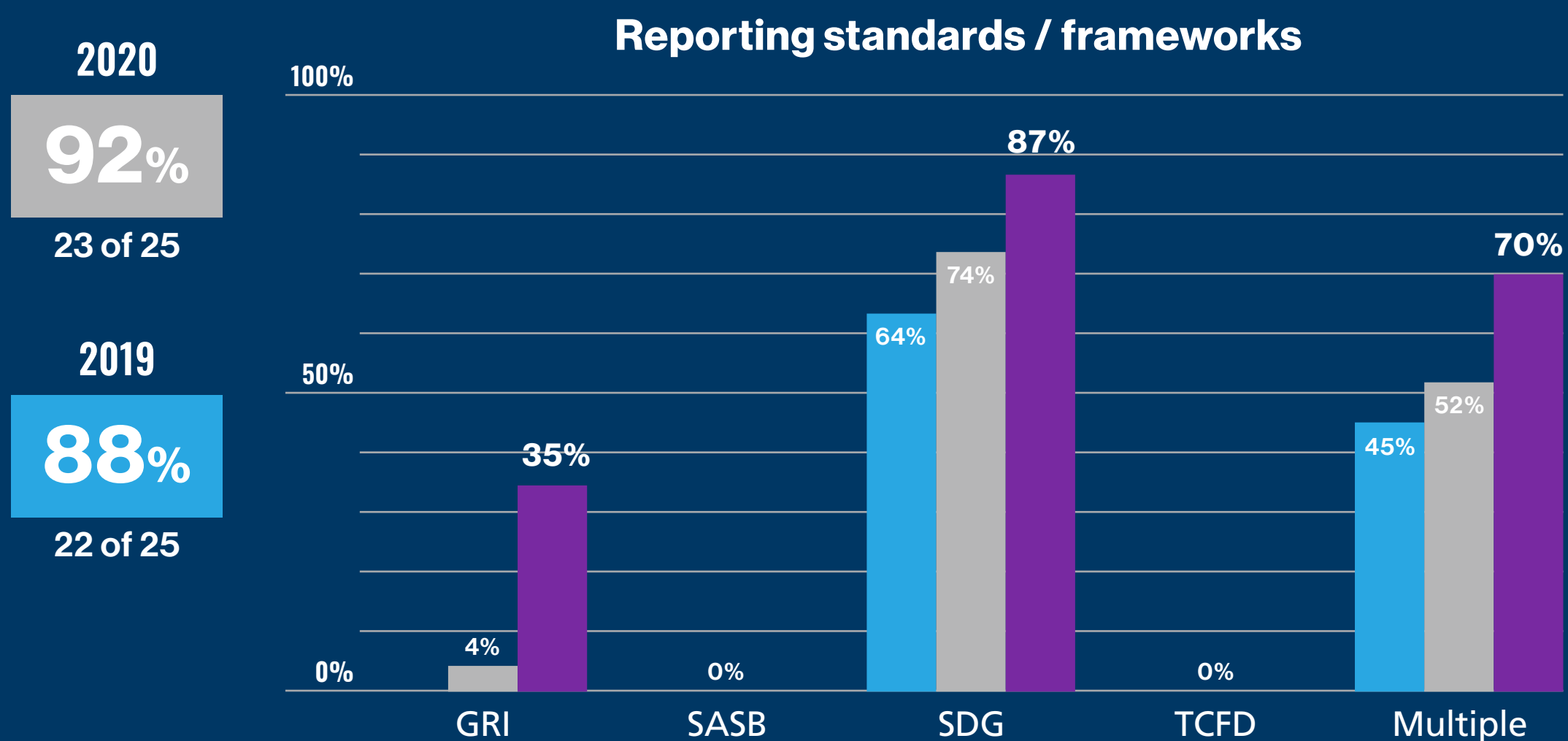
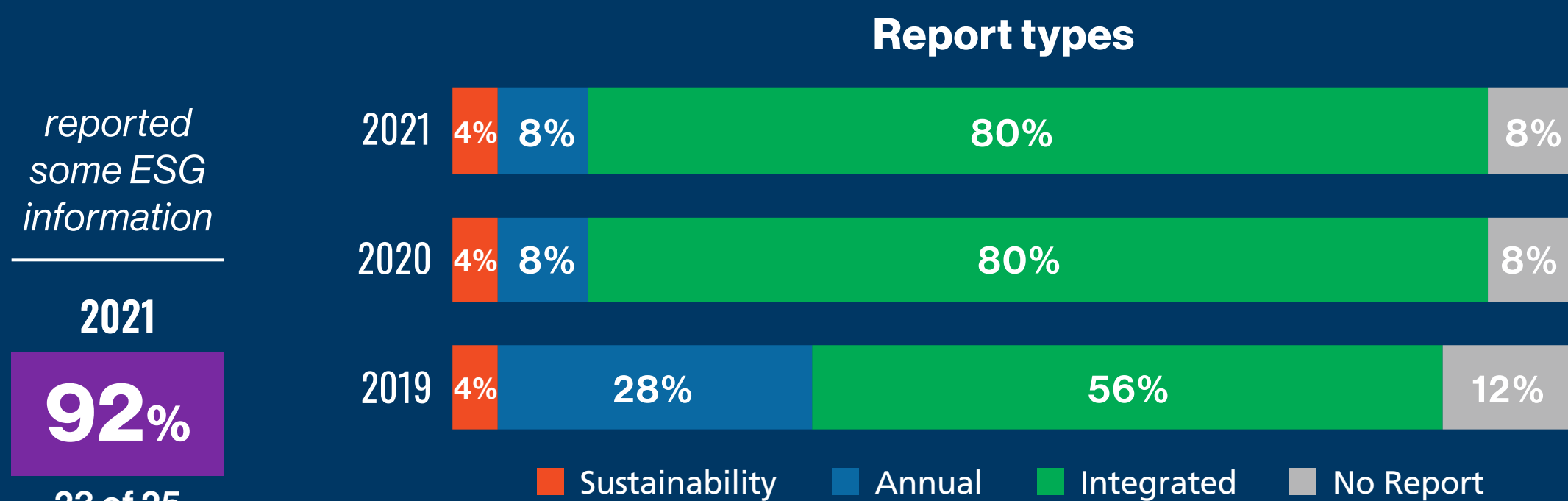


SUSTAINABILITY ASSURANCE

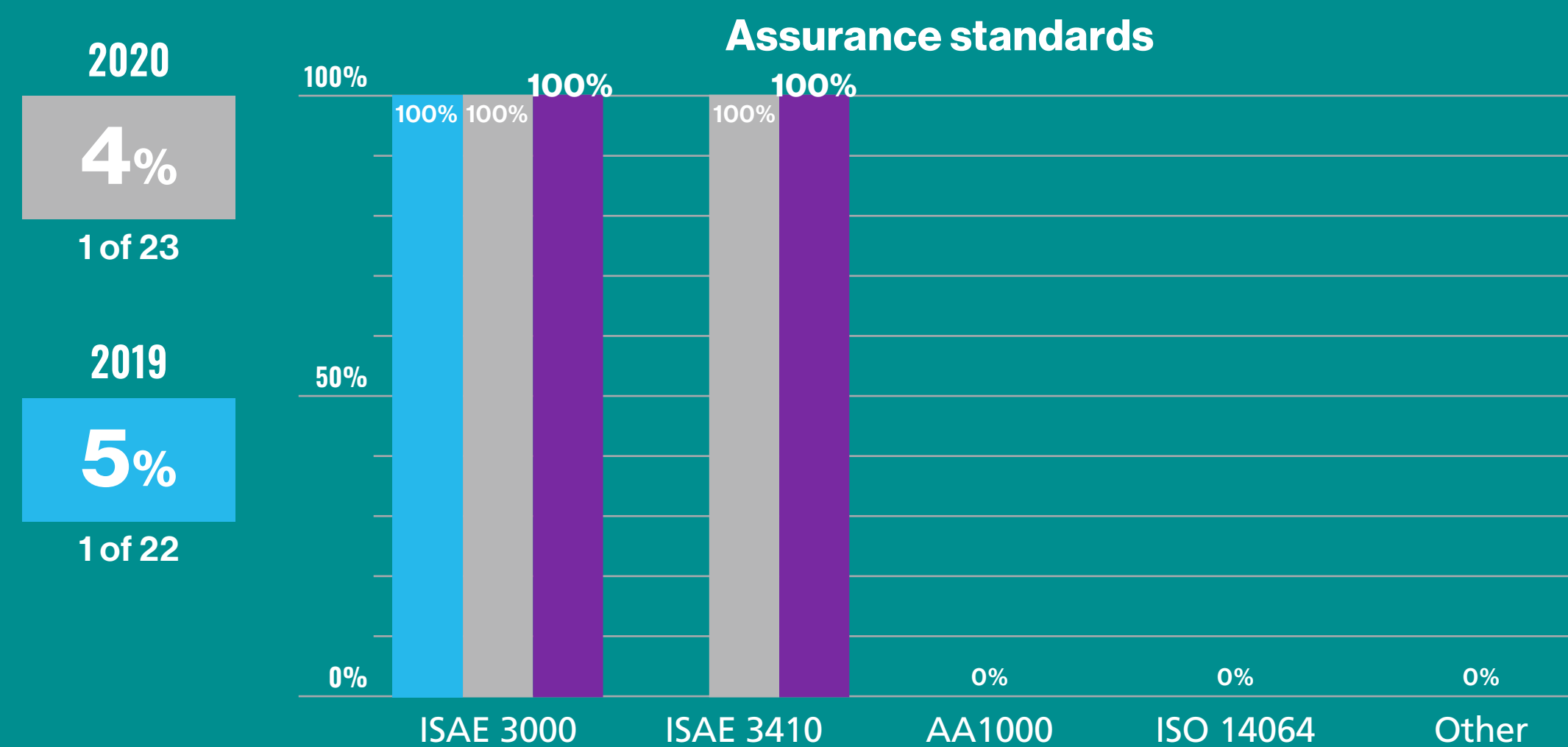
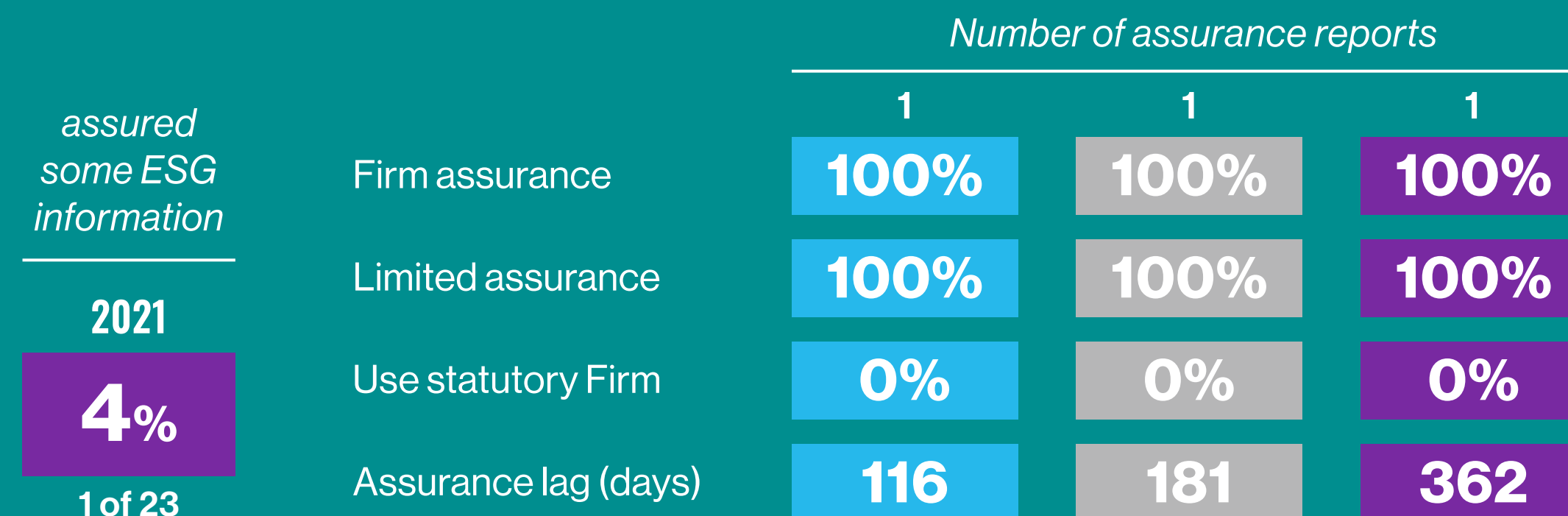




SUSTAINABILITY DISCLOSURE

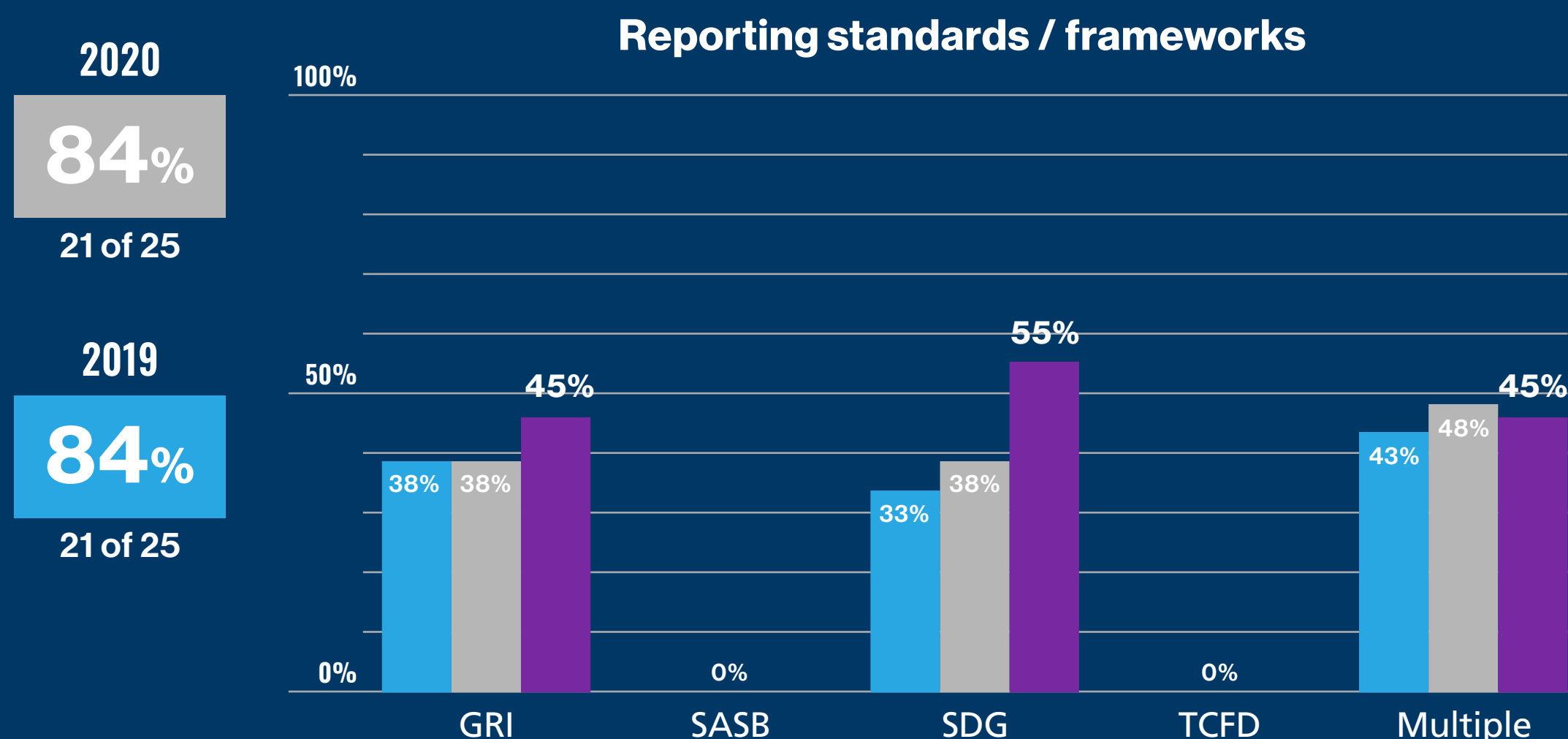
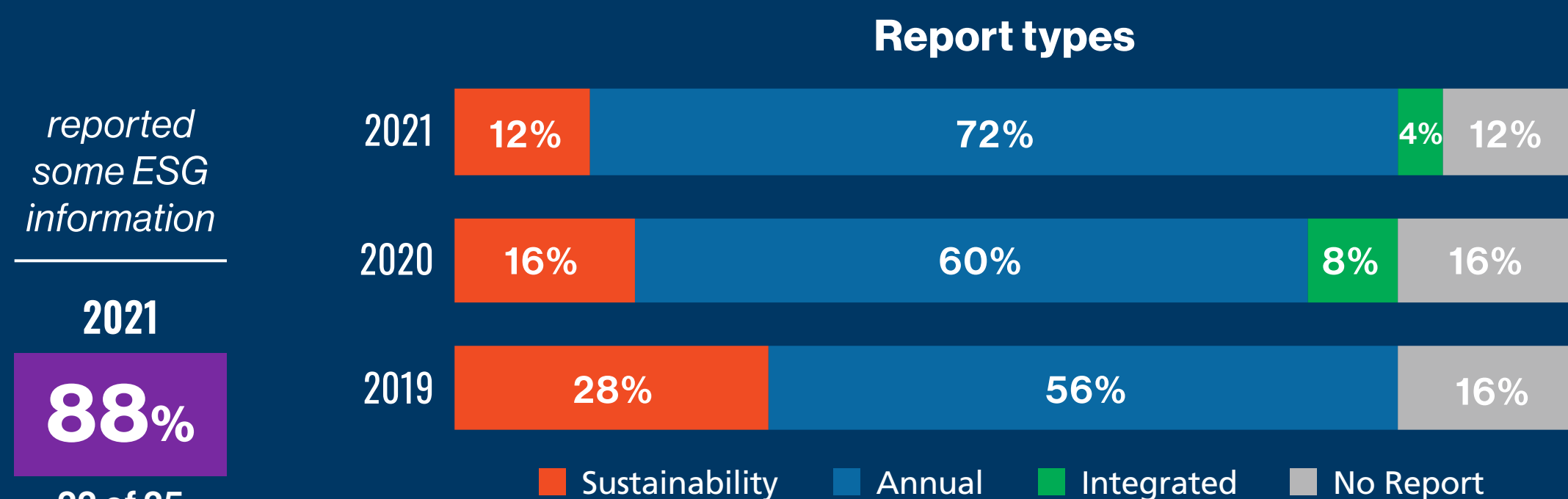


SUSTAINABILITY ASSURANCE

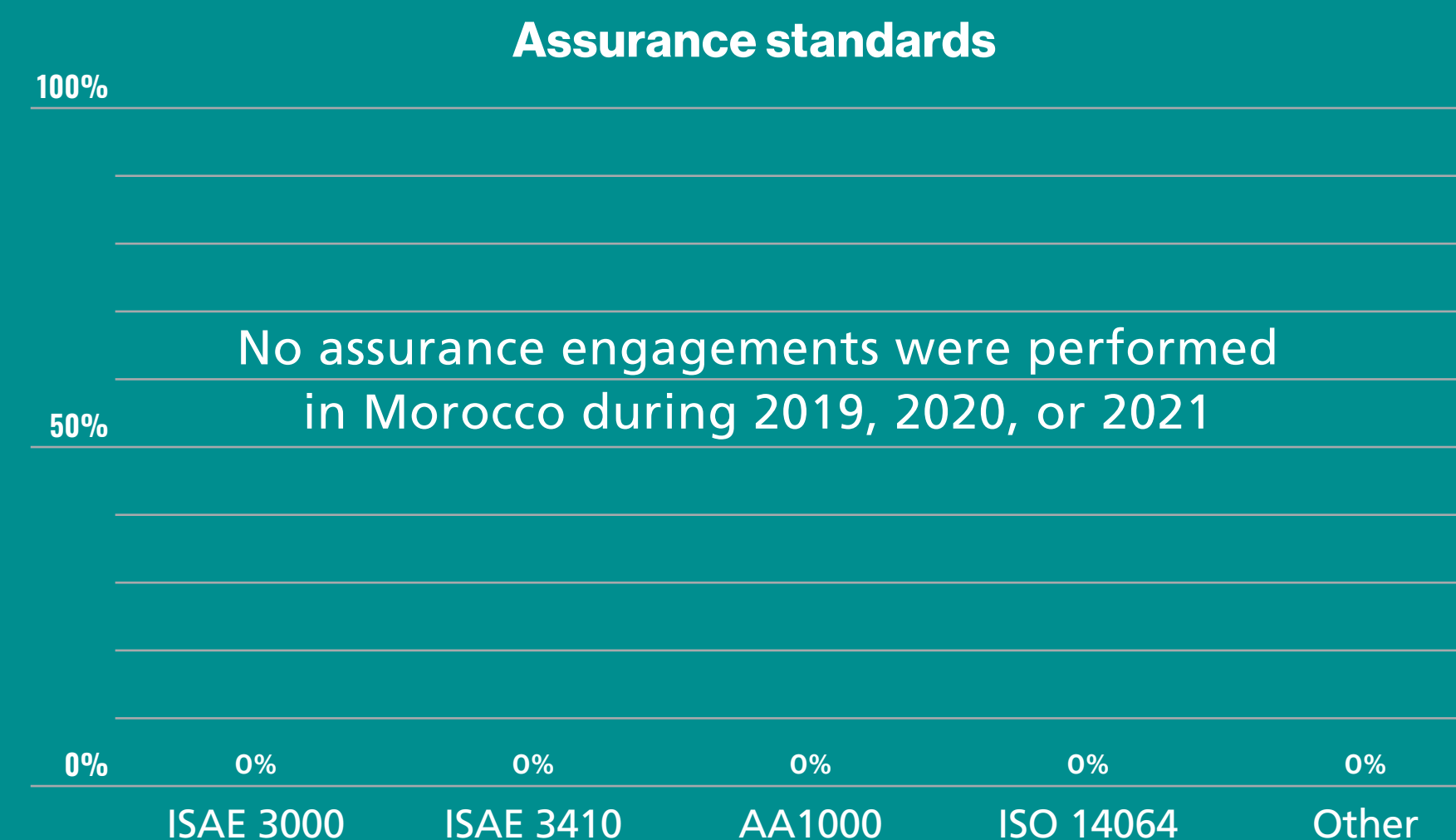
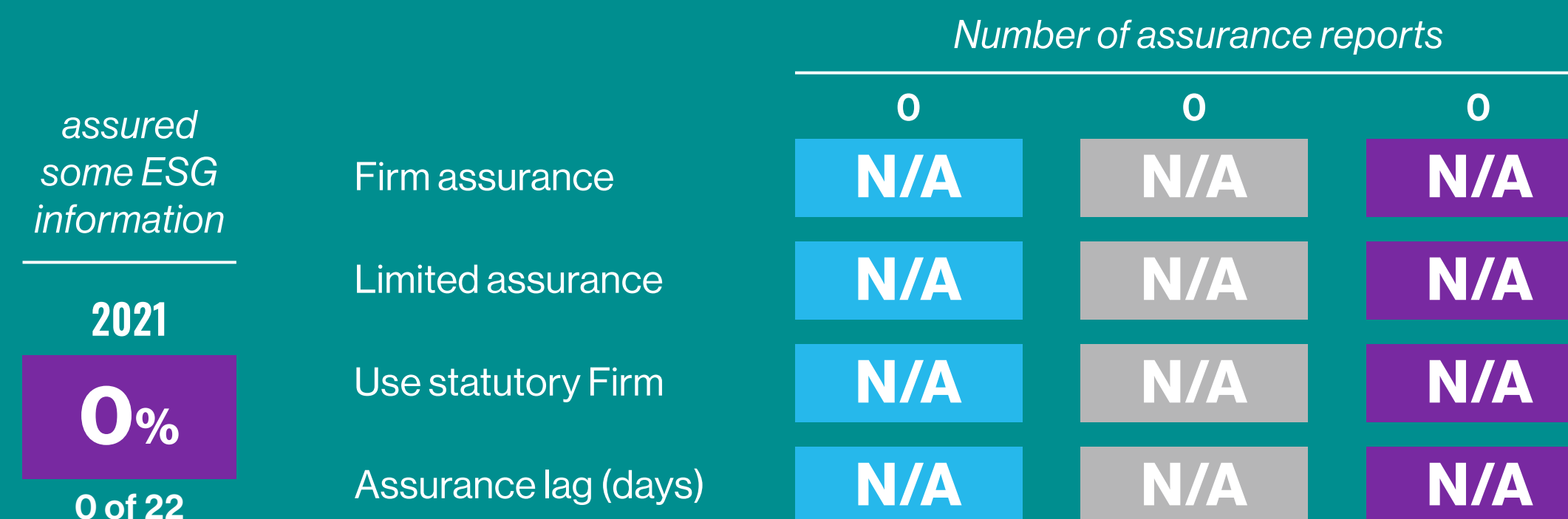




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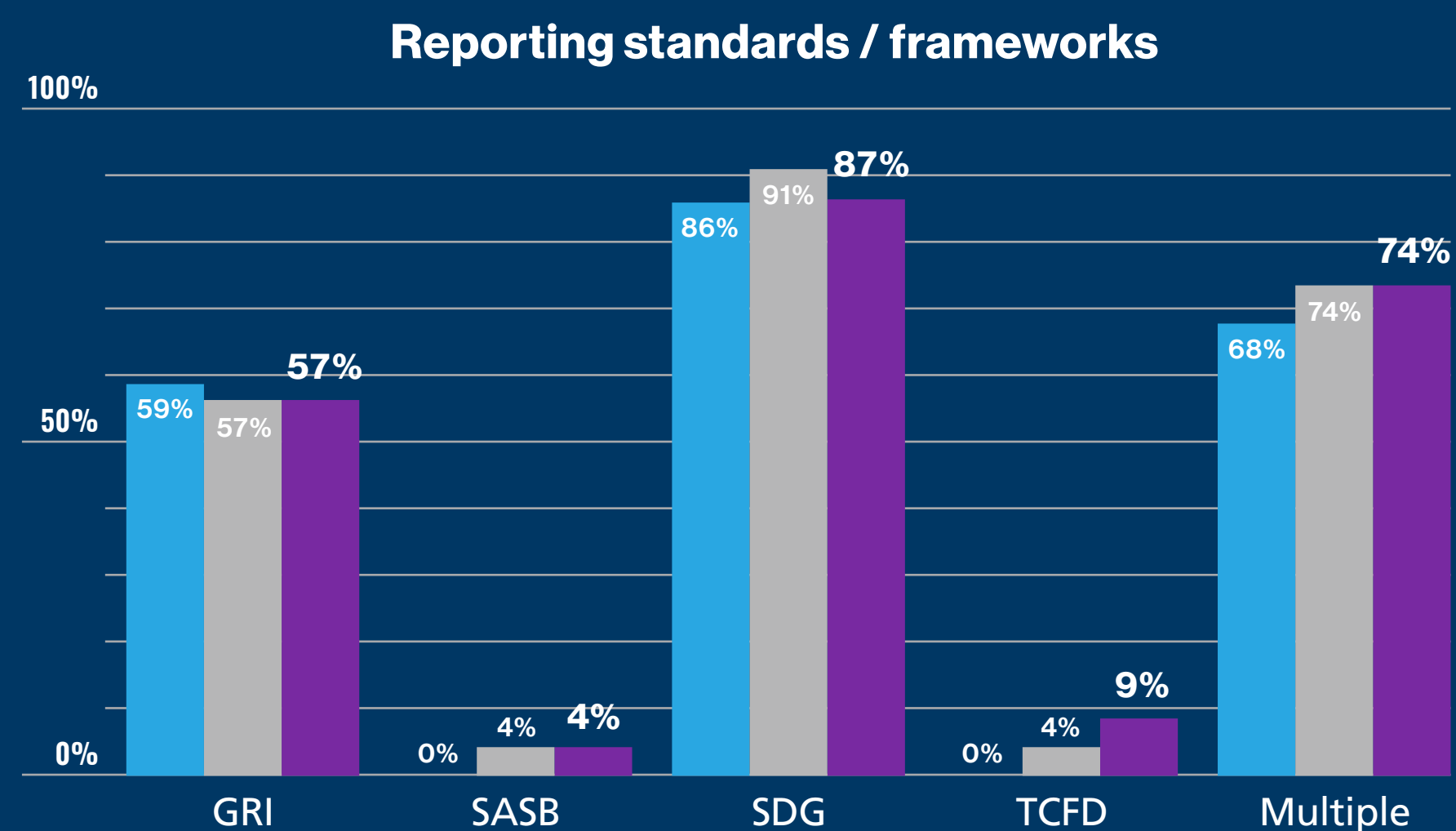
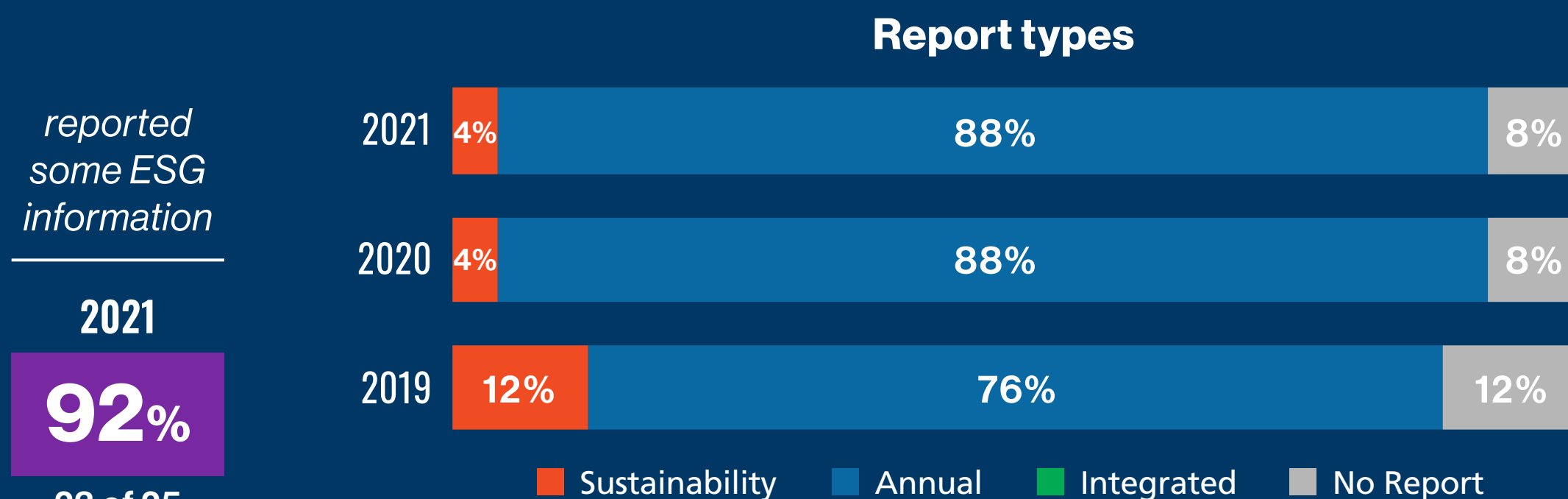


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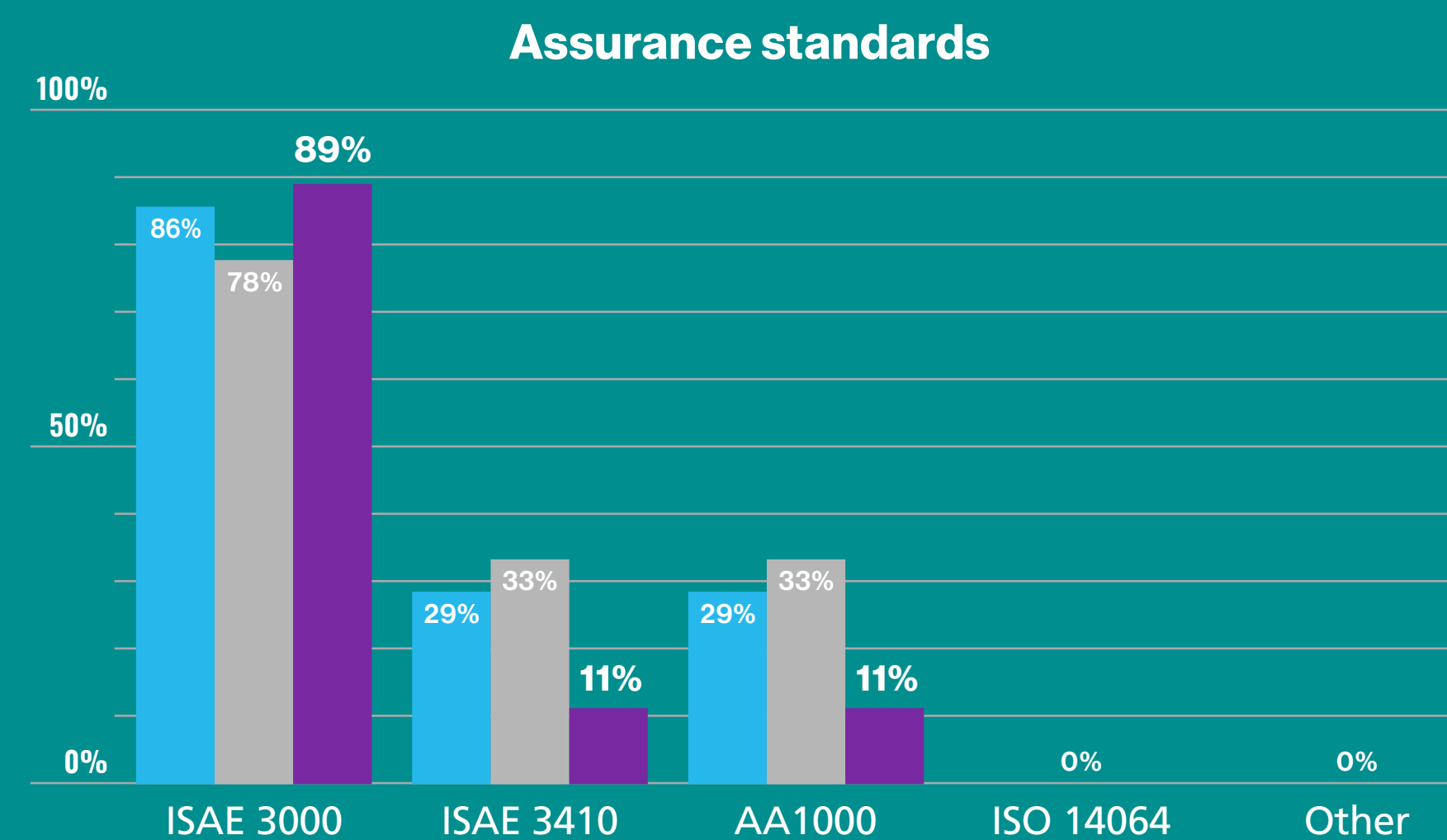
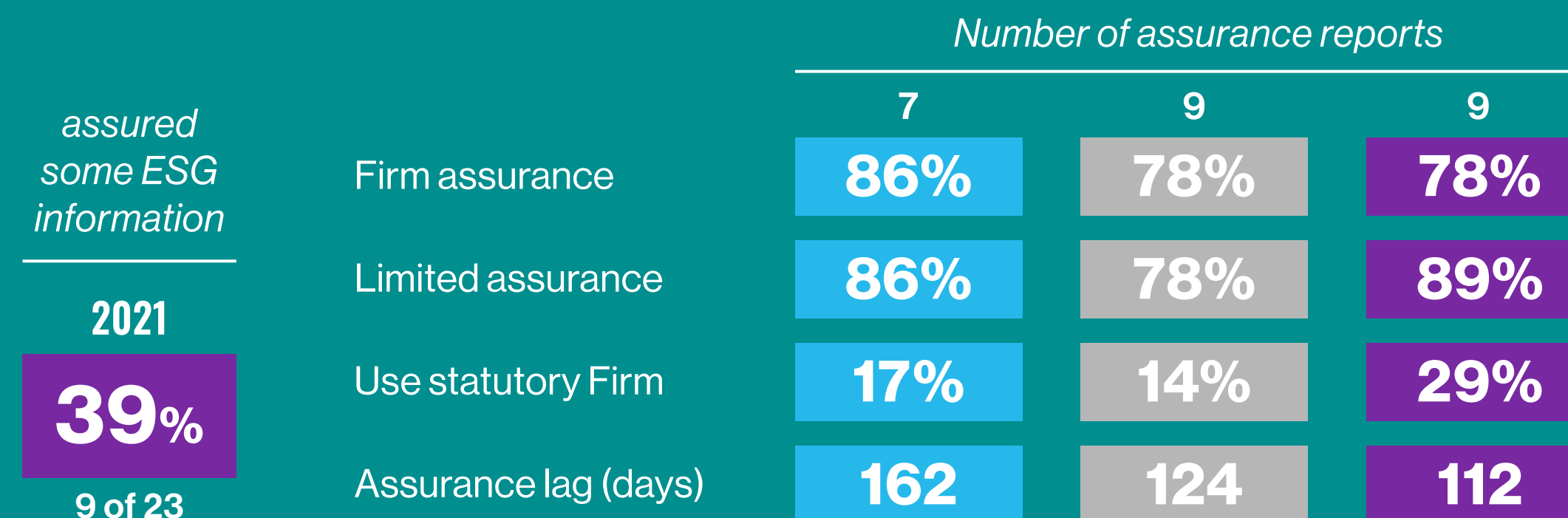




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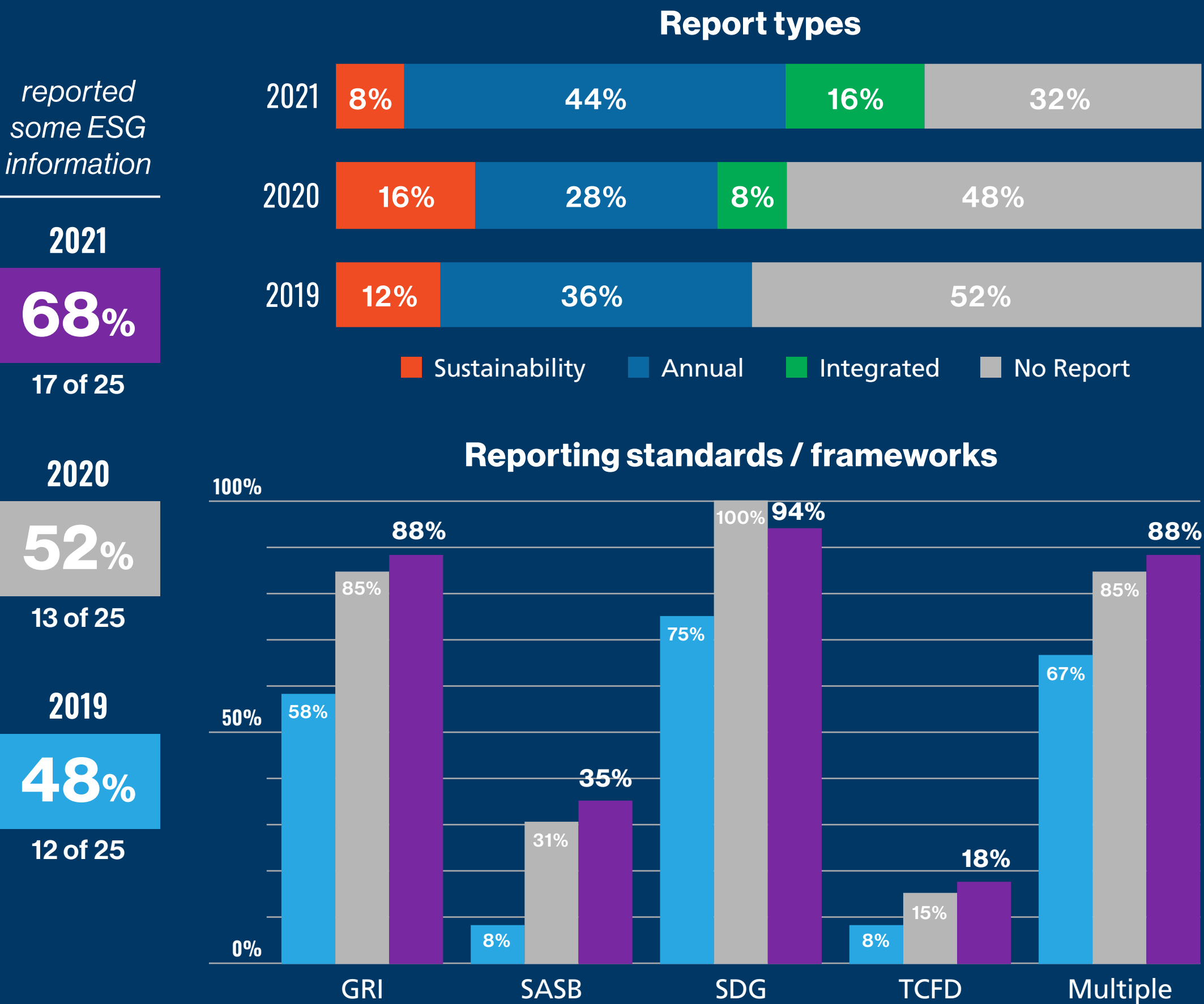


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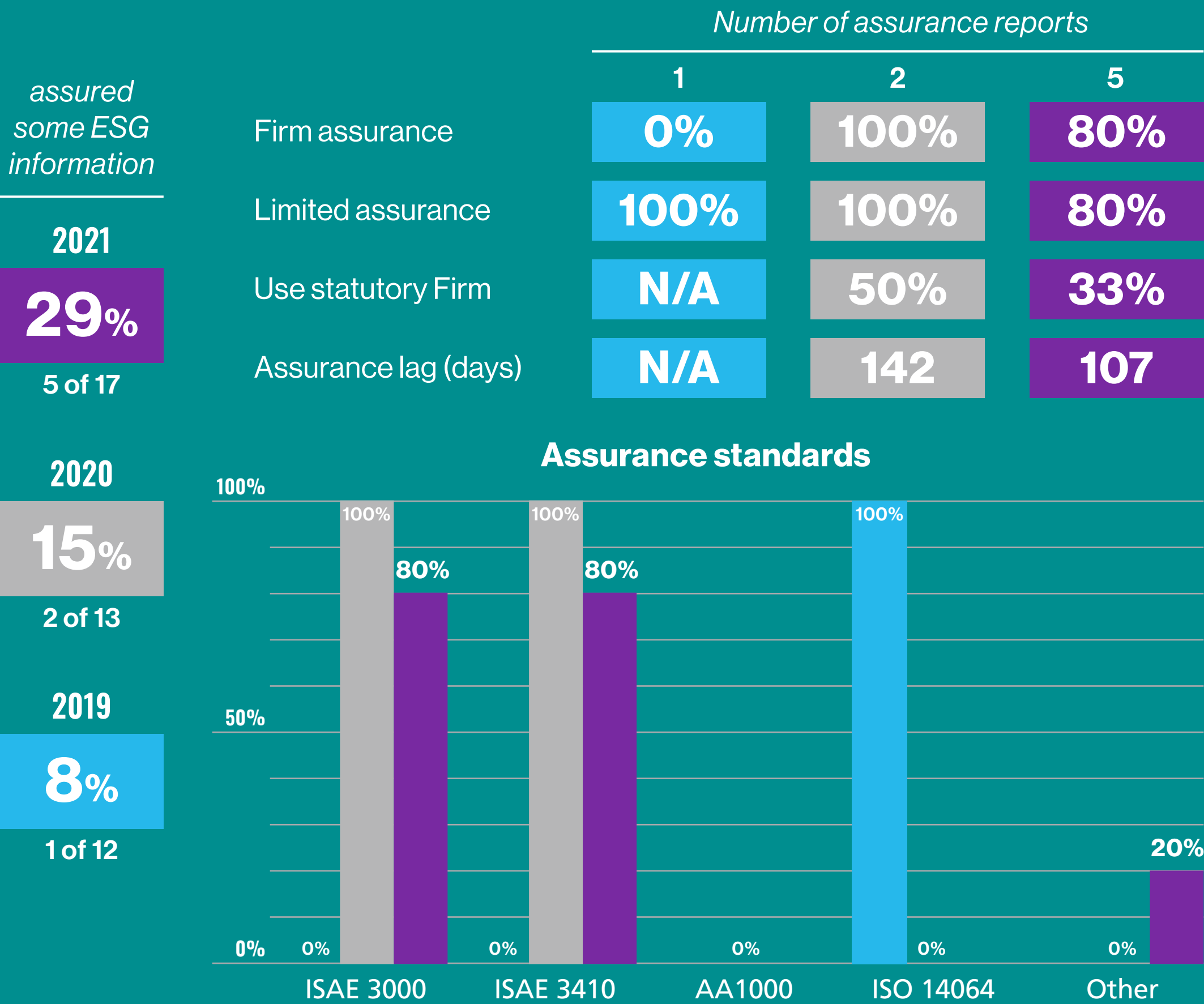




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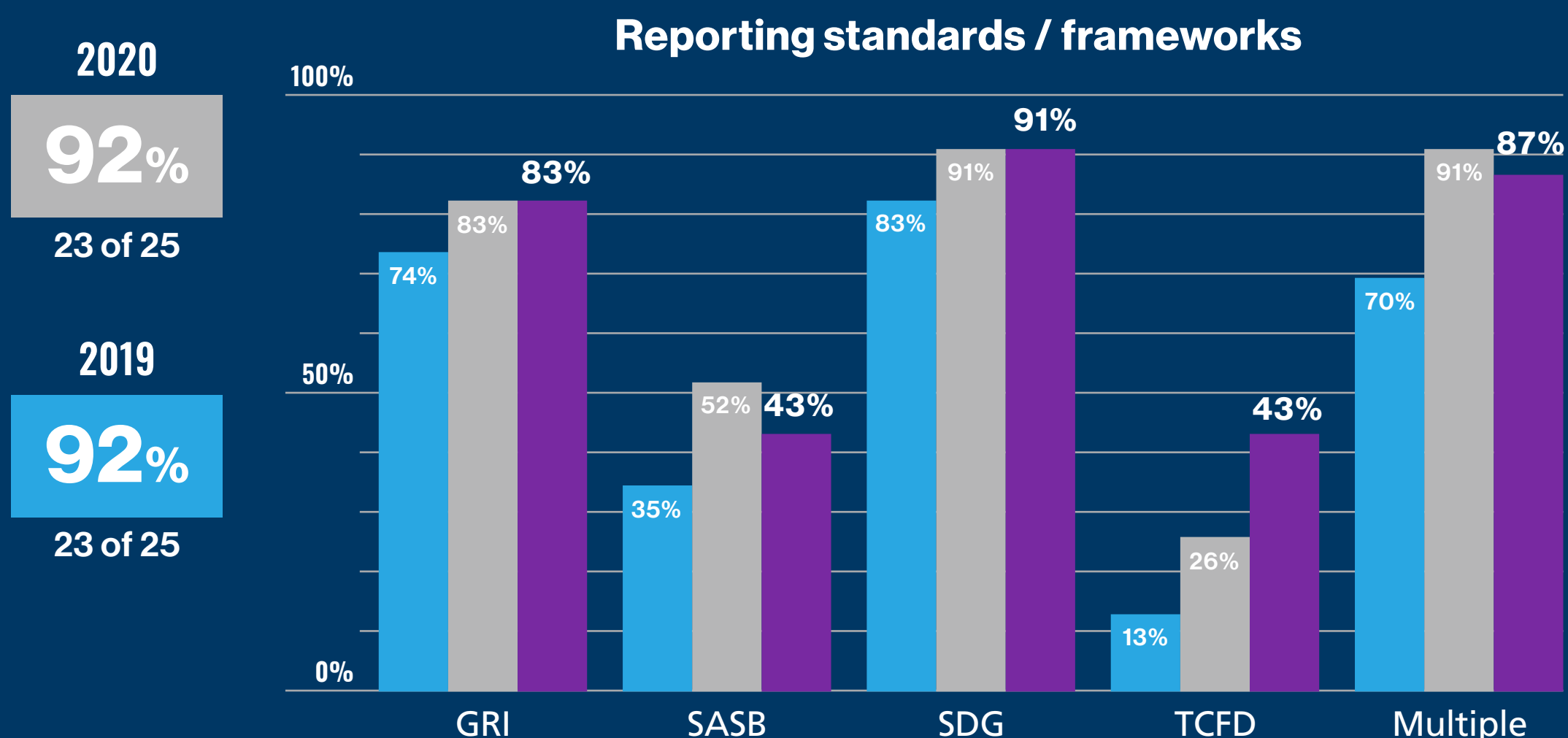
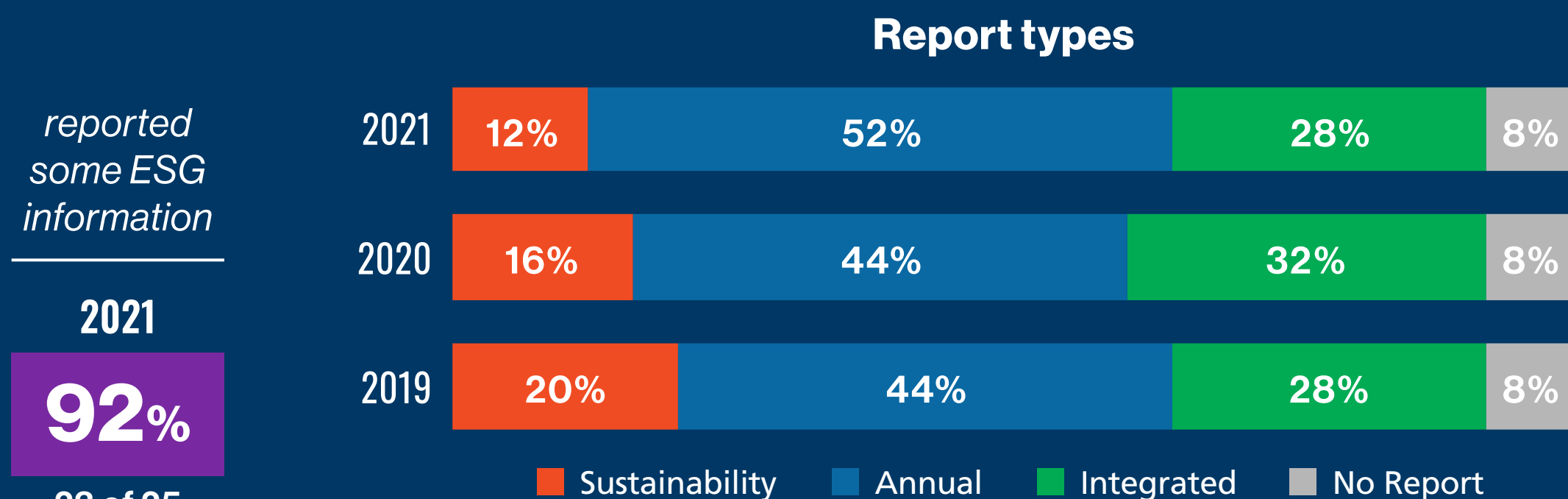


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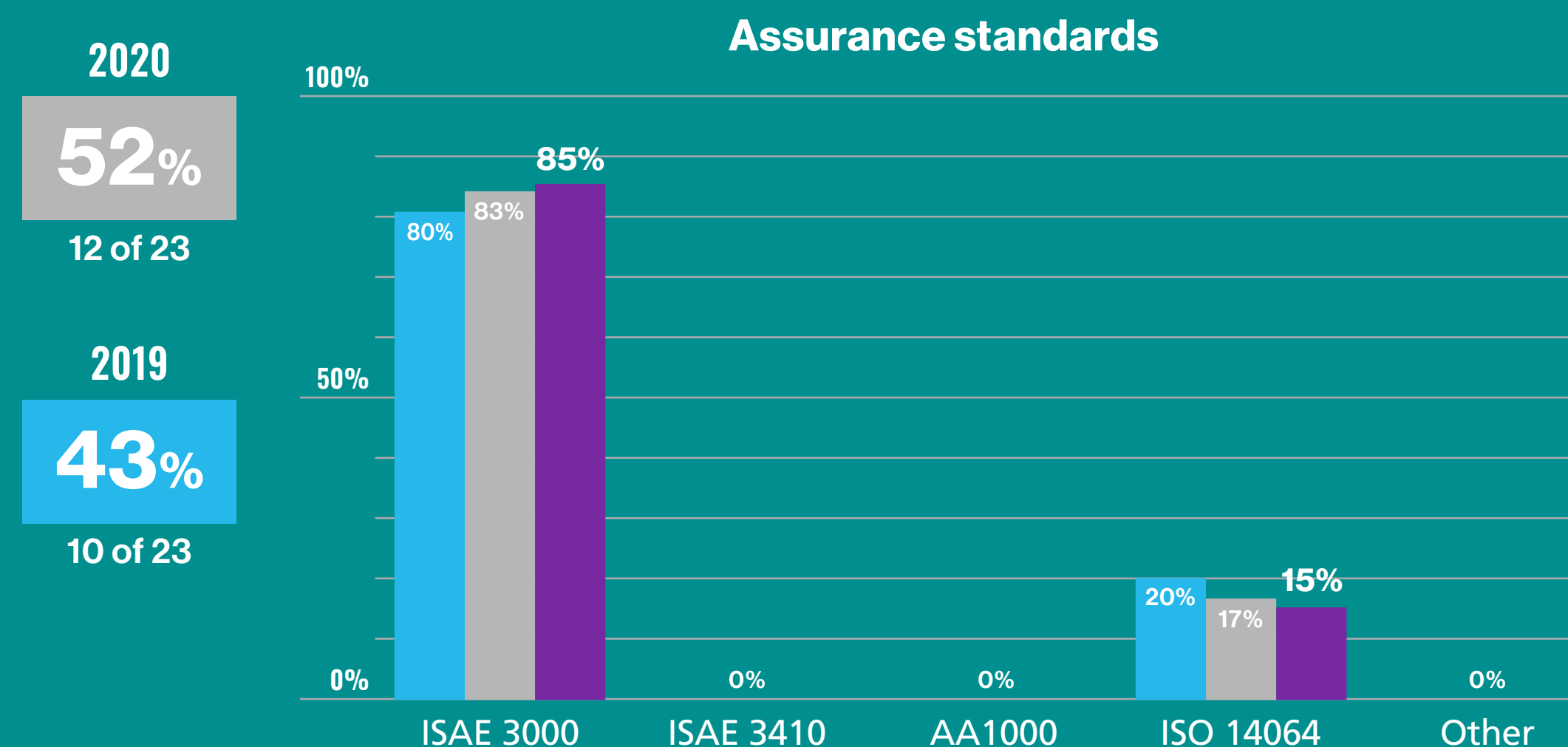
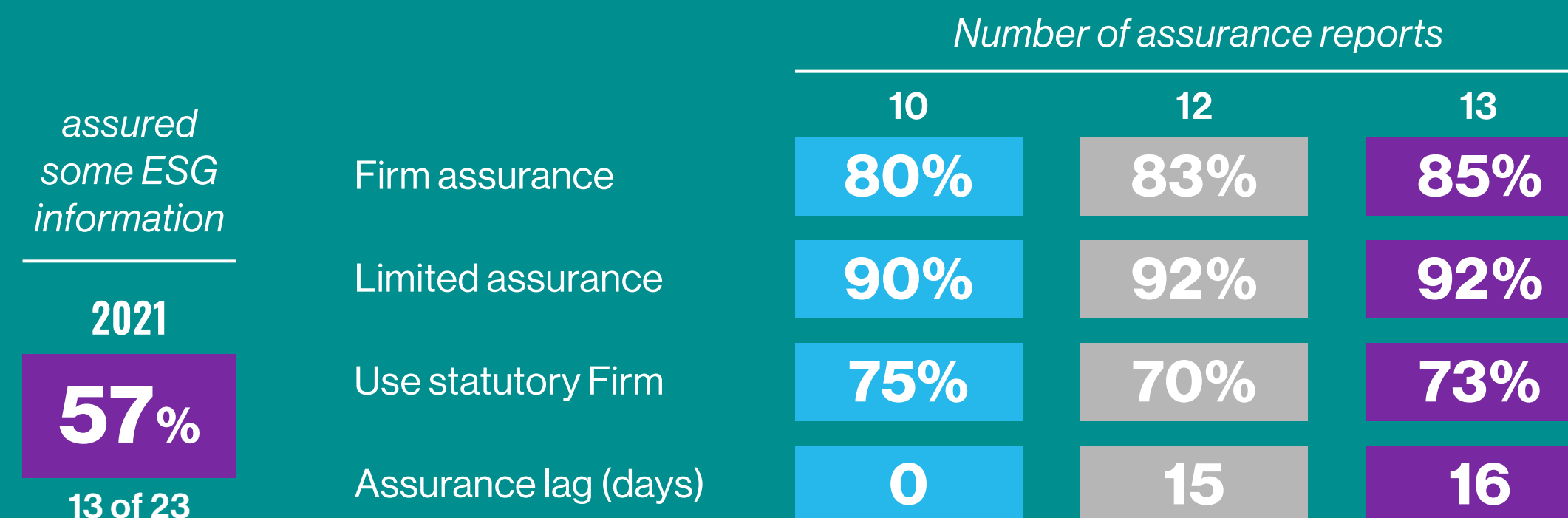




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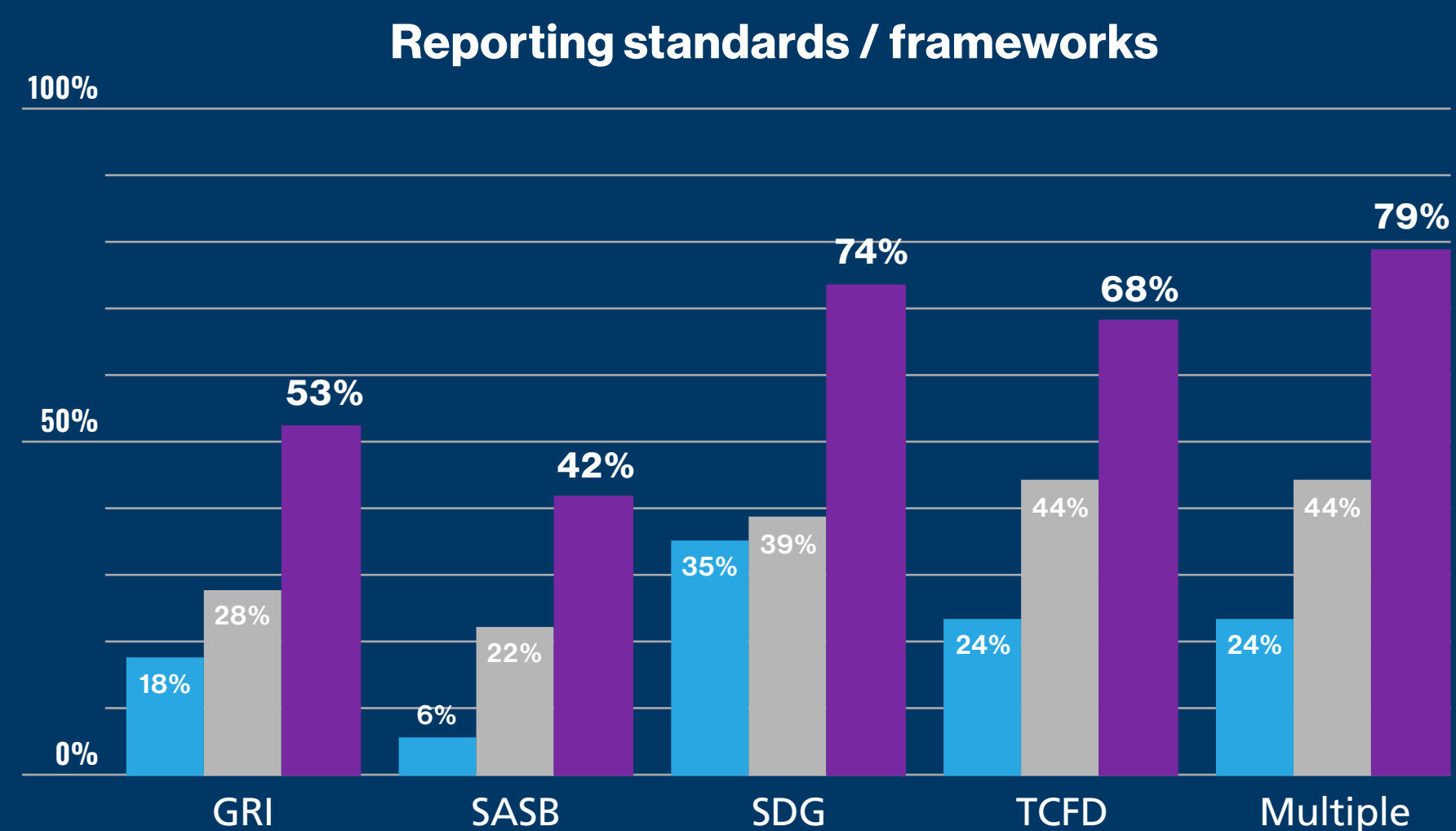
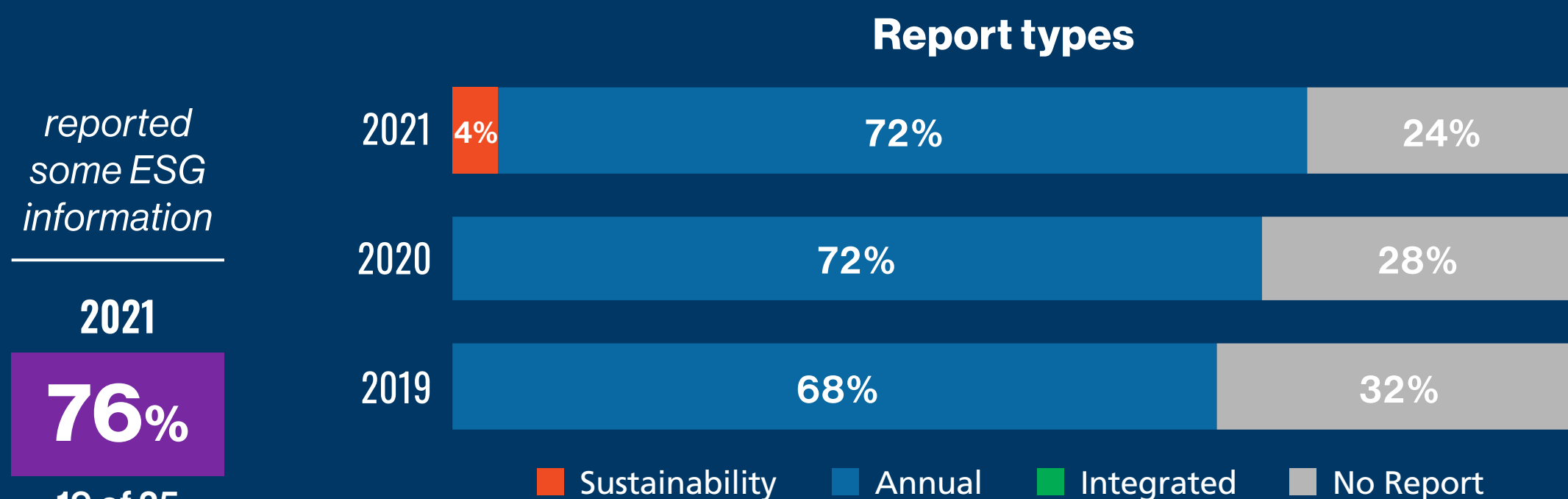


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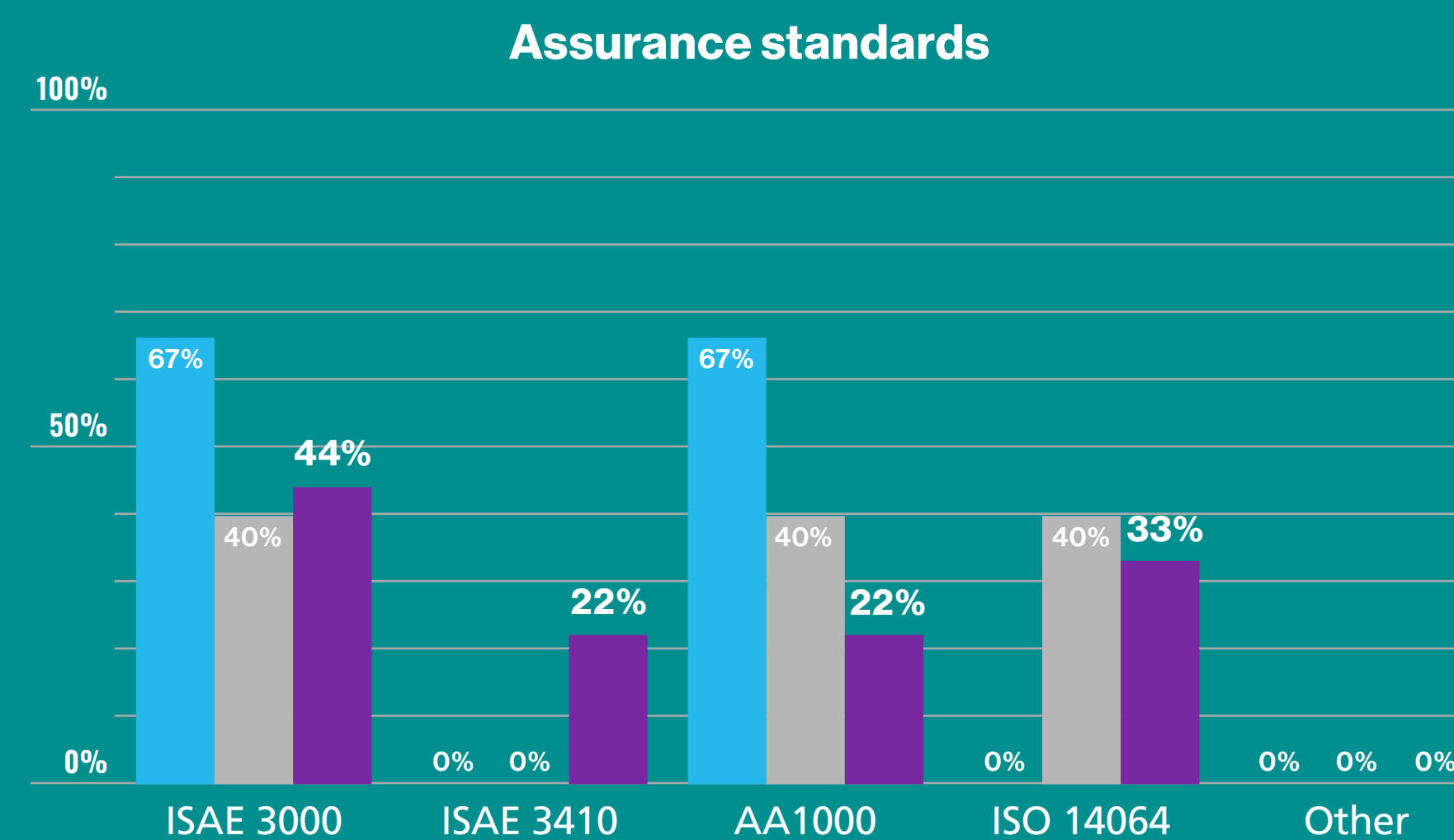
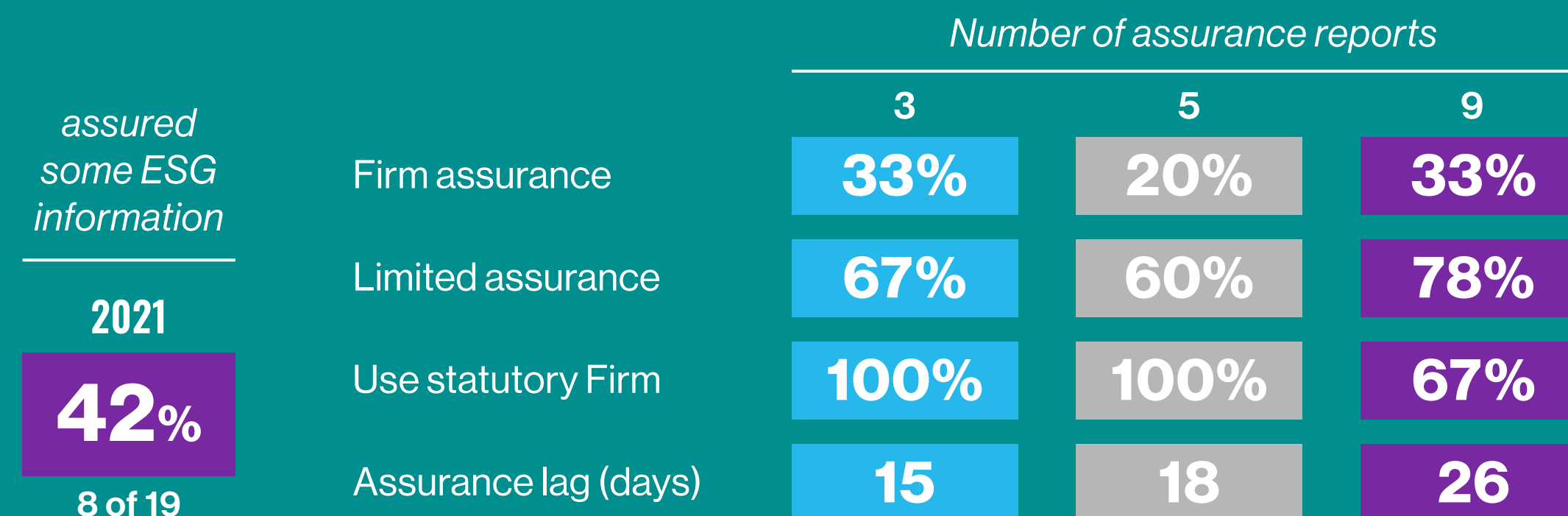




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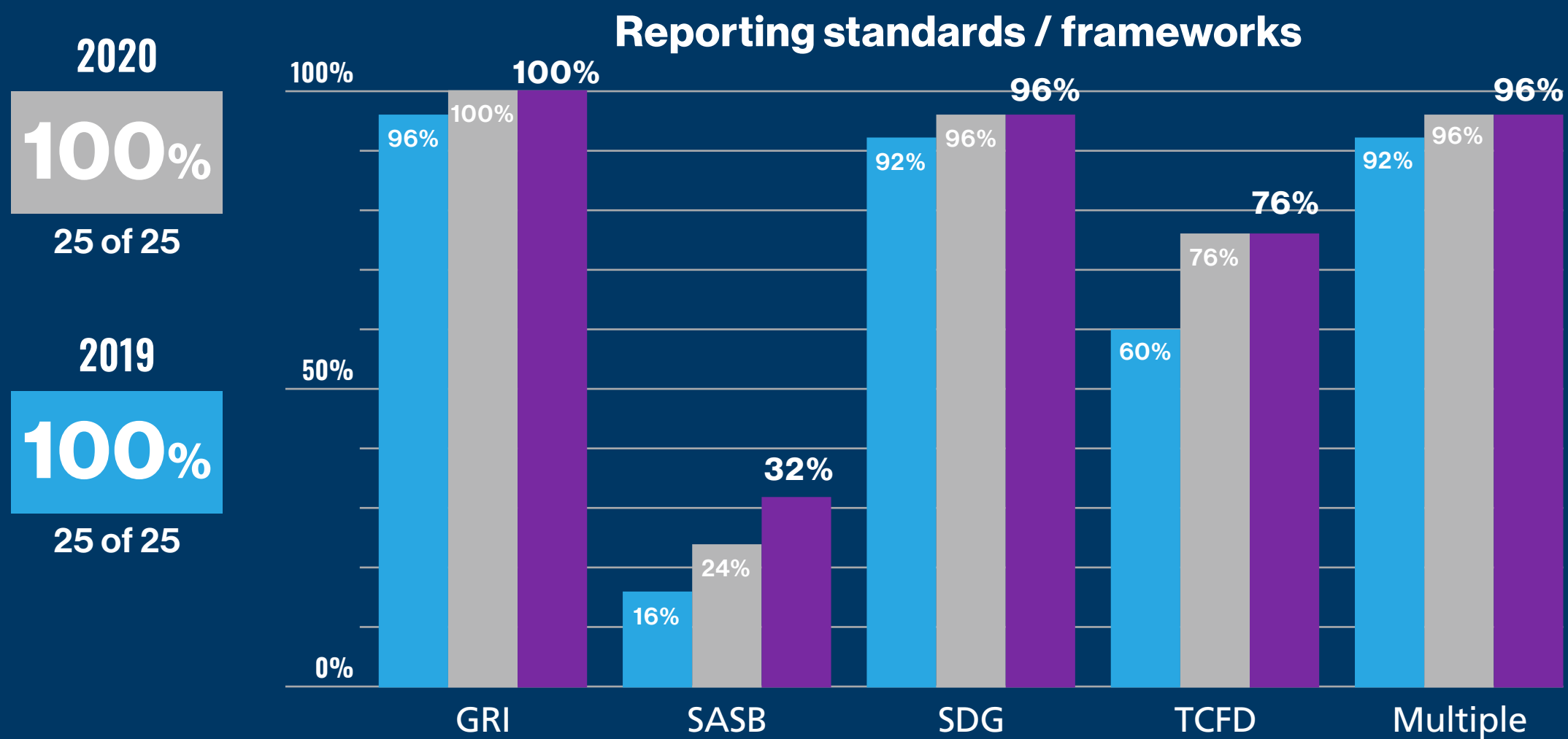
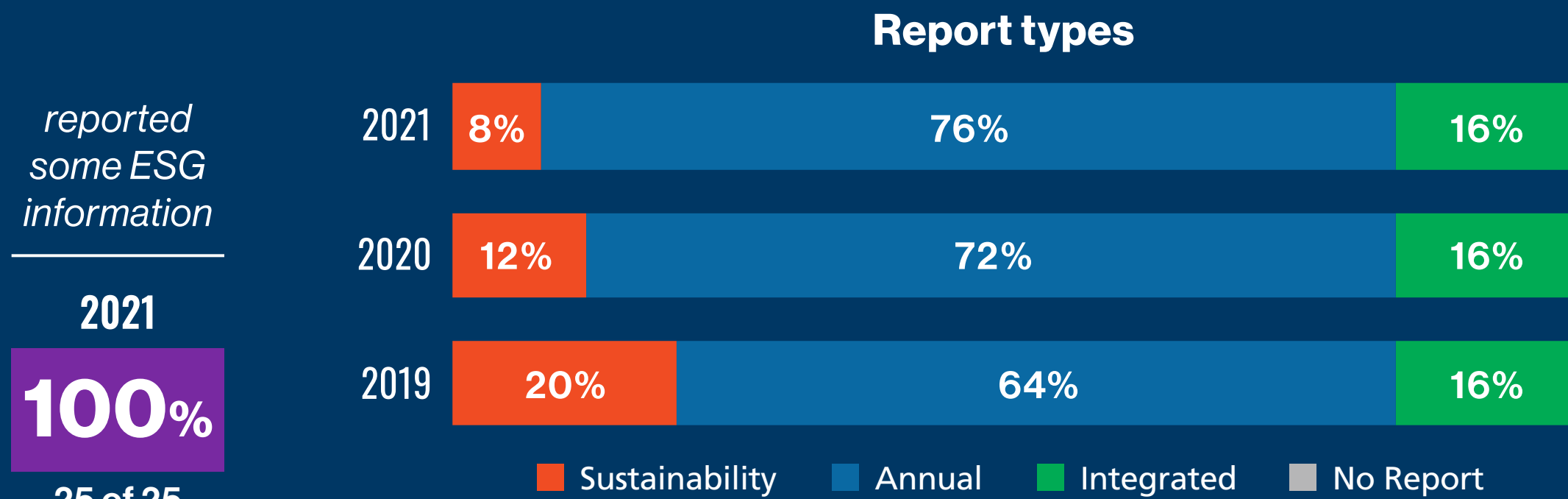


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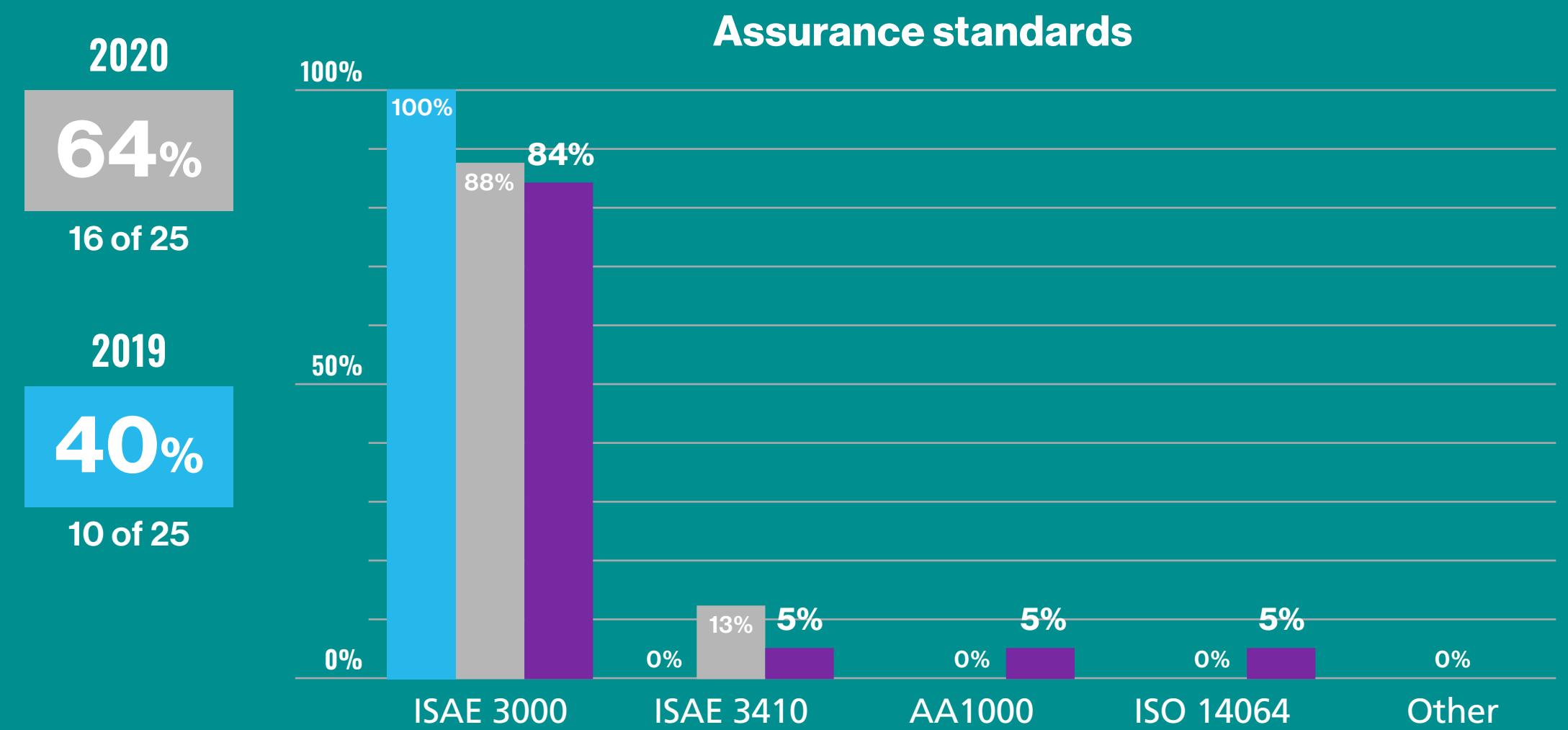
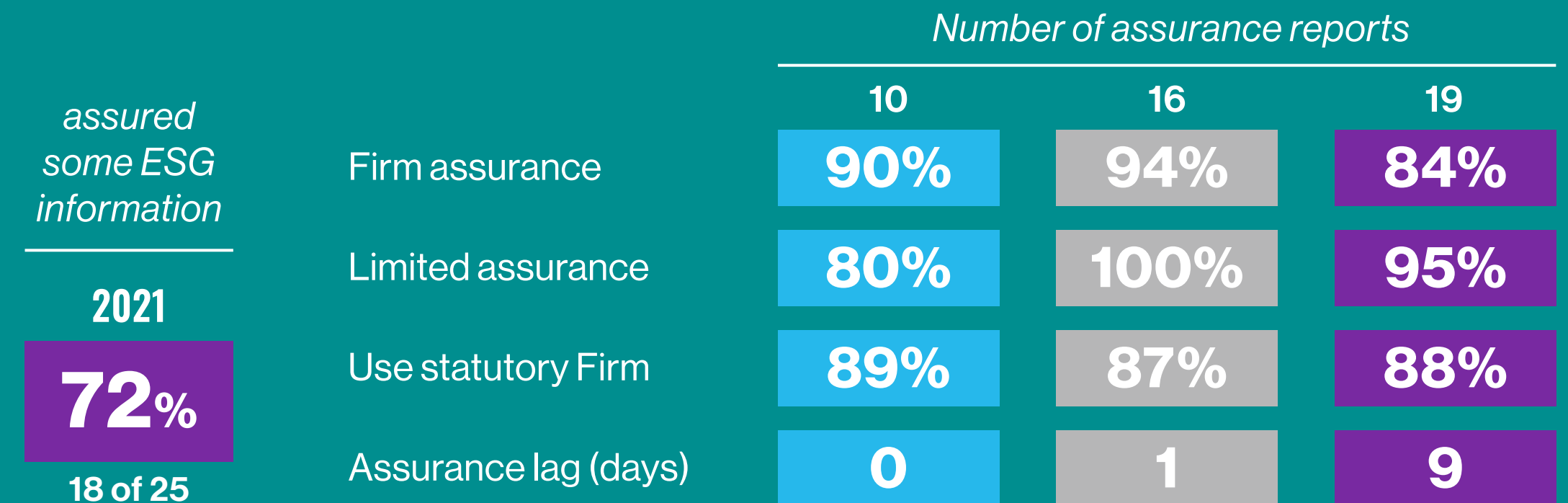




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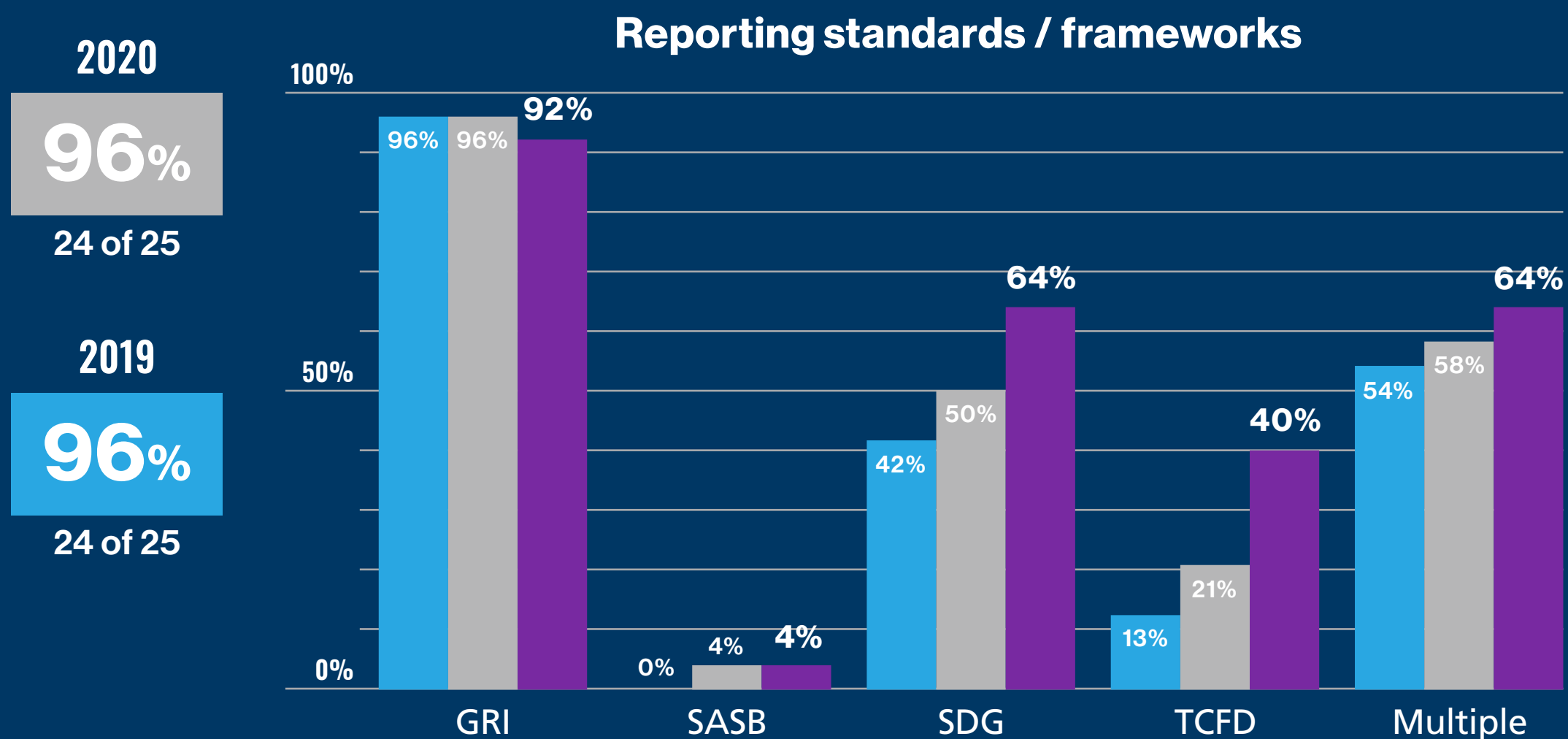
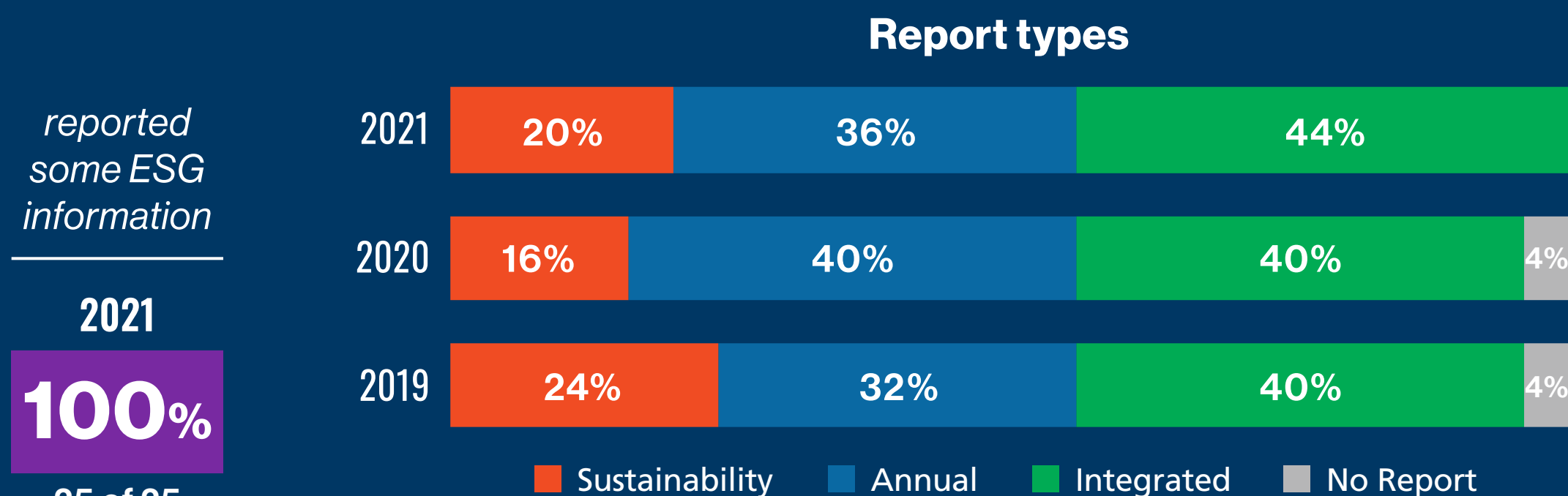


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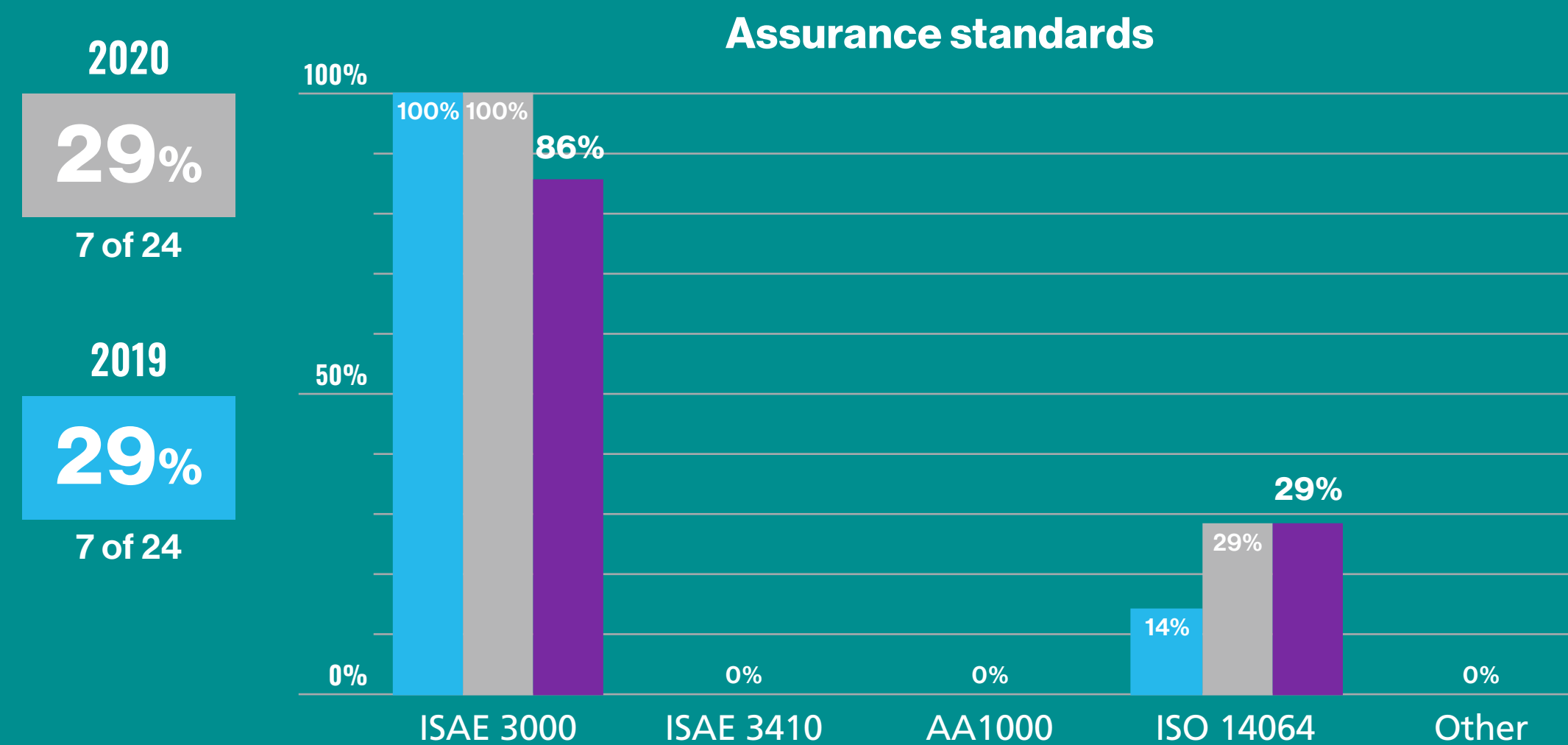
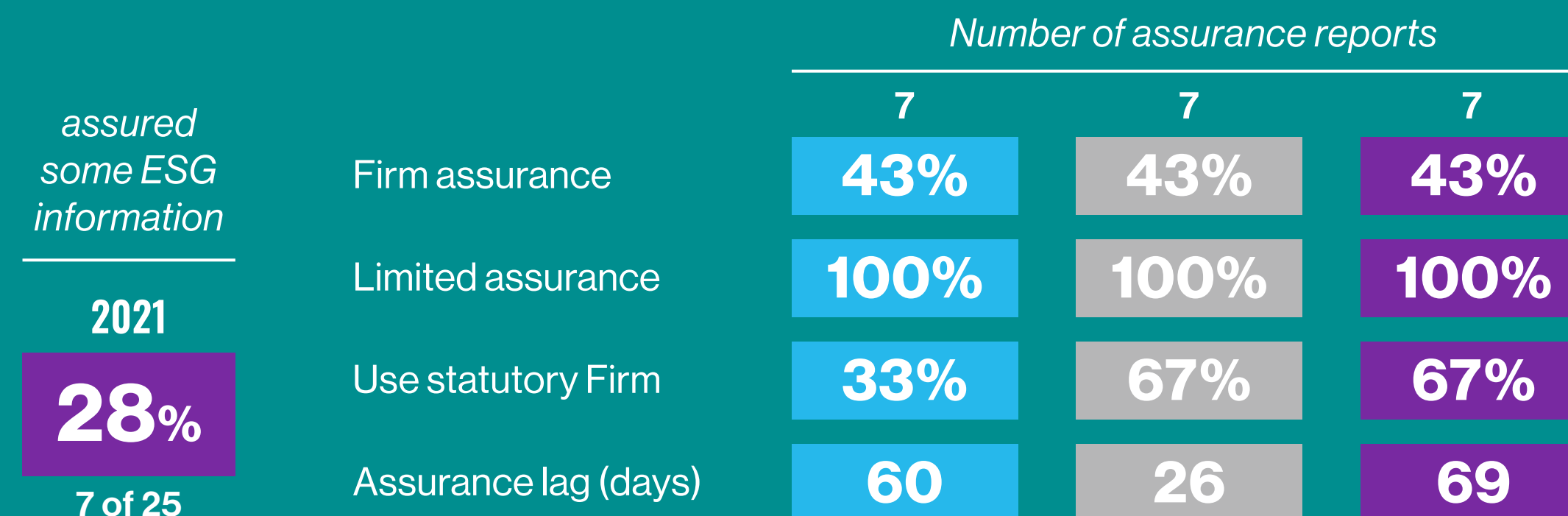




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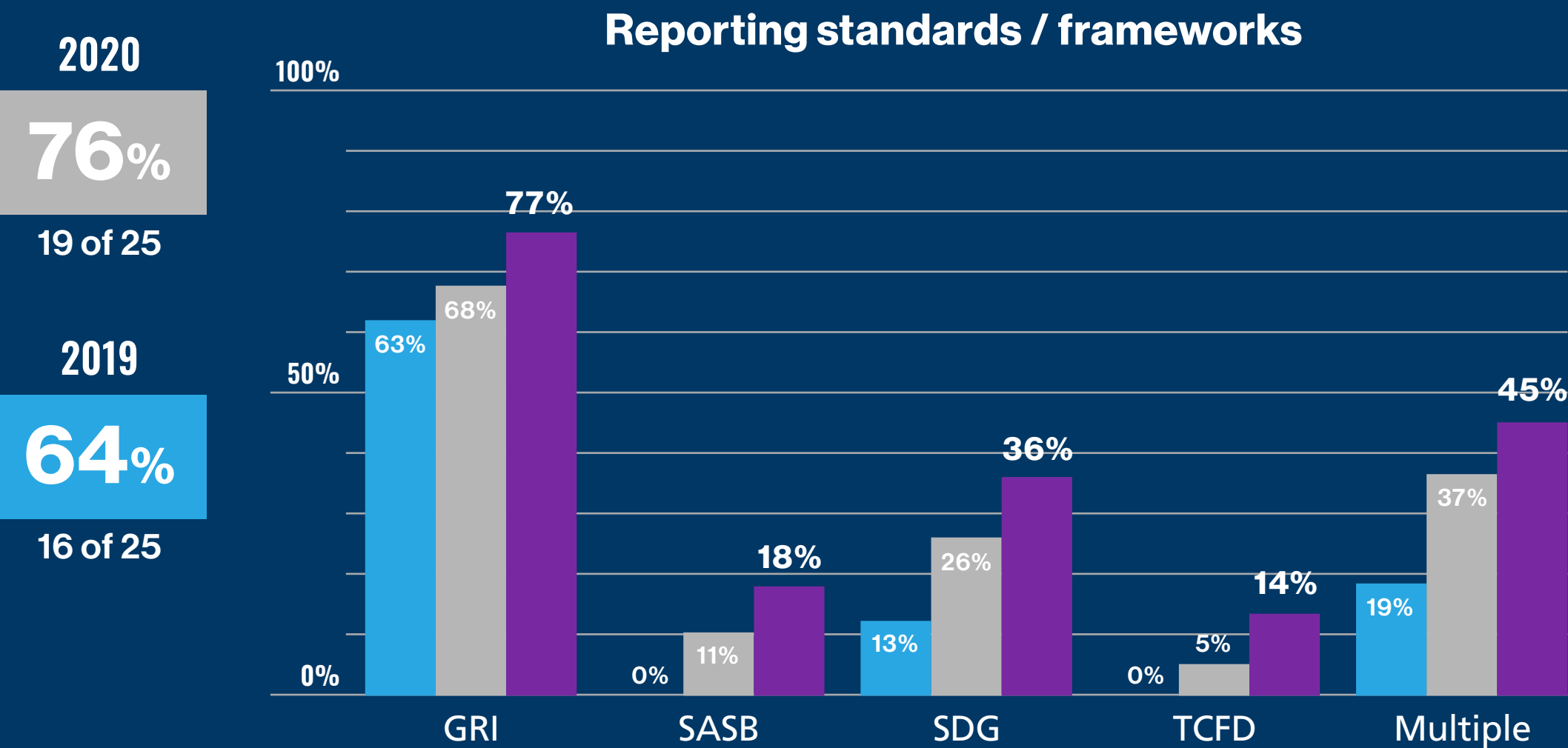
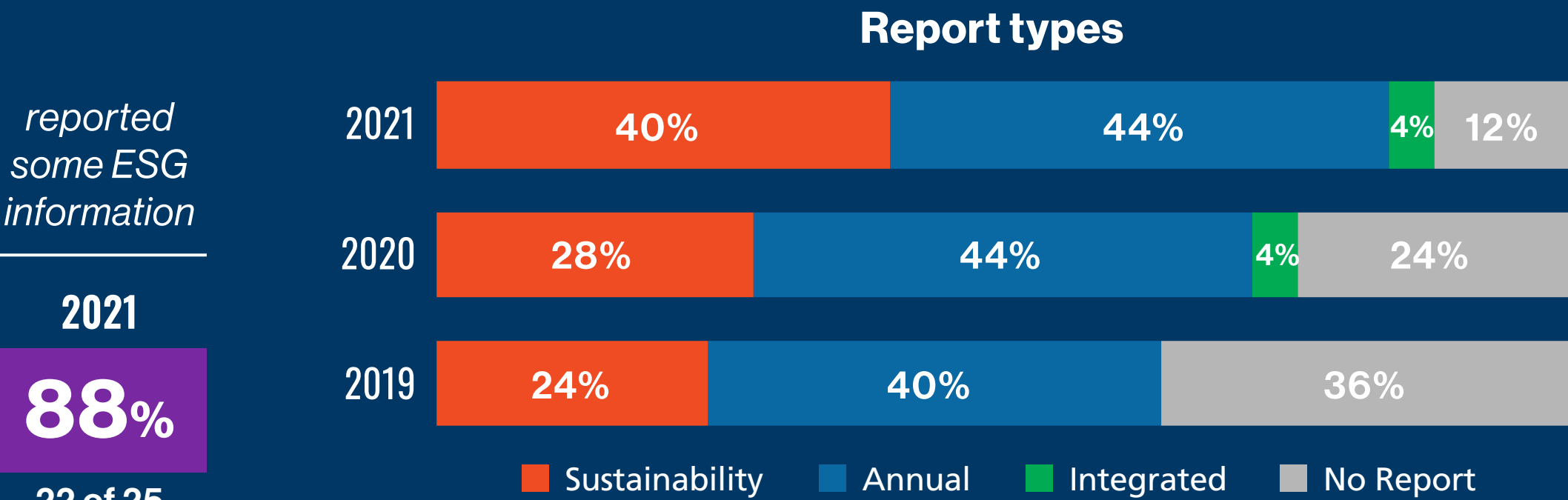
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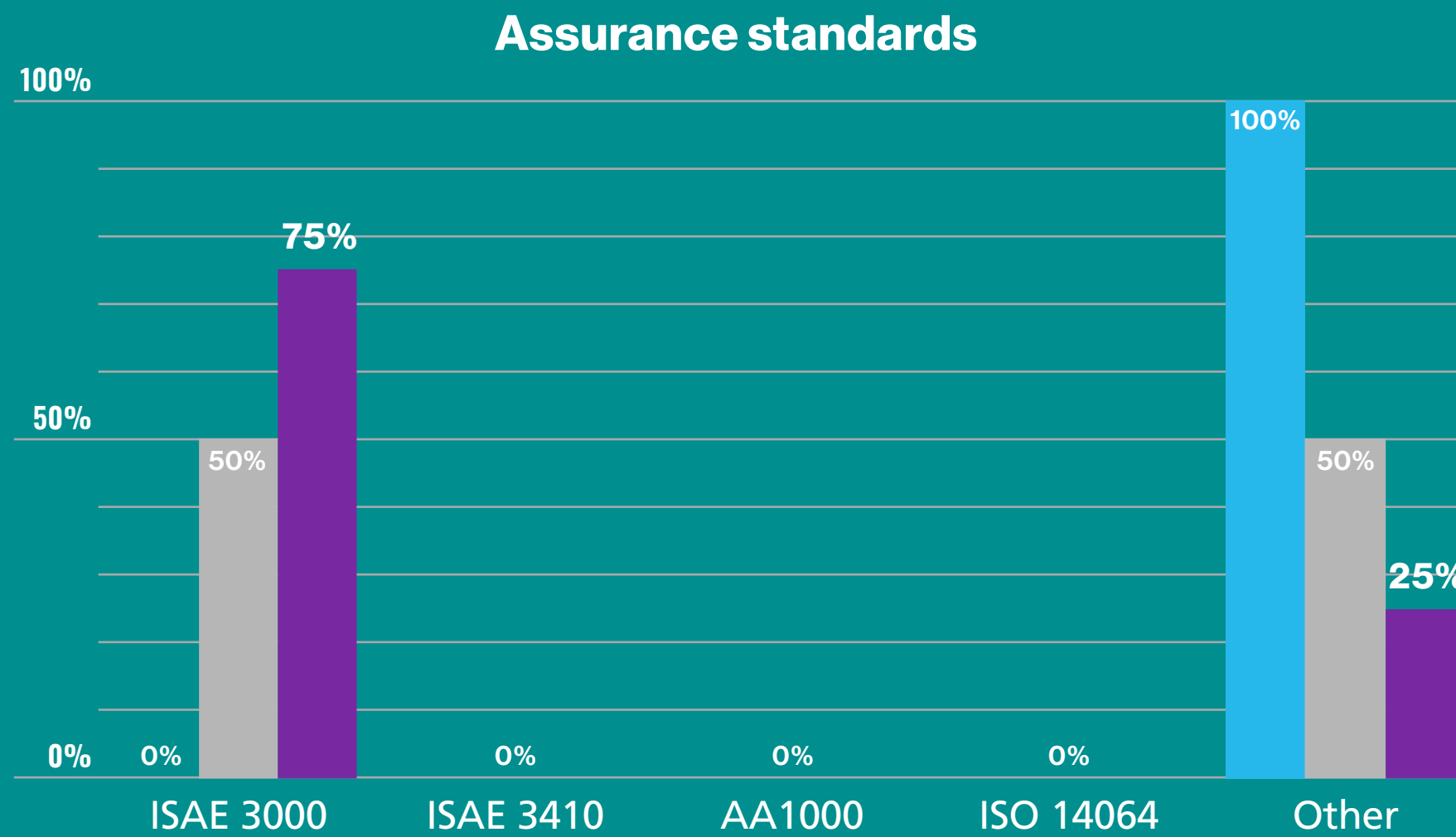
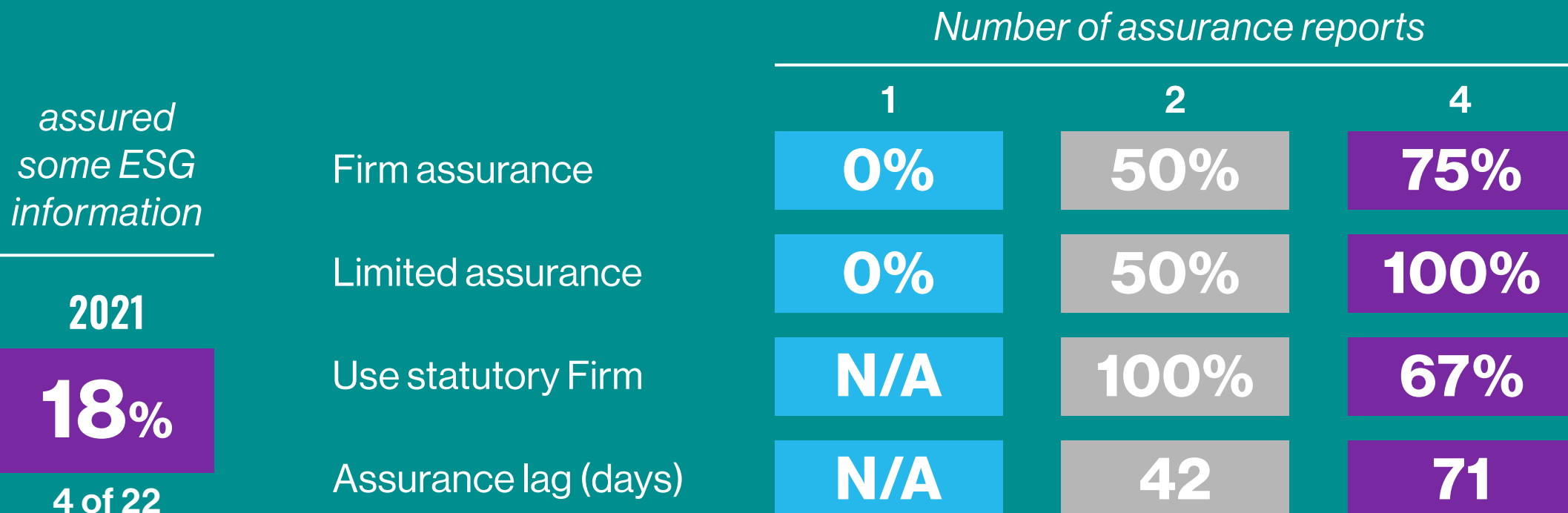
* A company may have more than one assurance report



SUSTAINABILITY DISCLOSURE



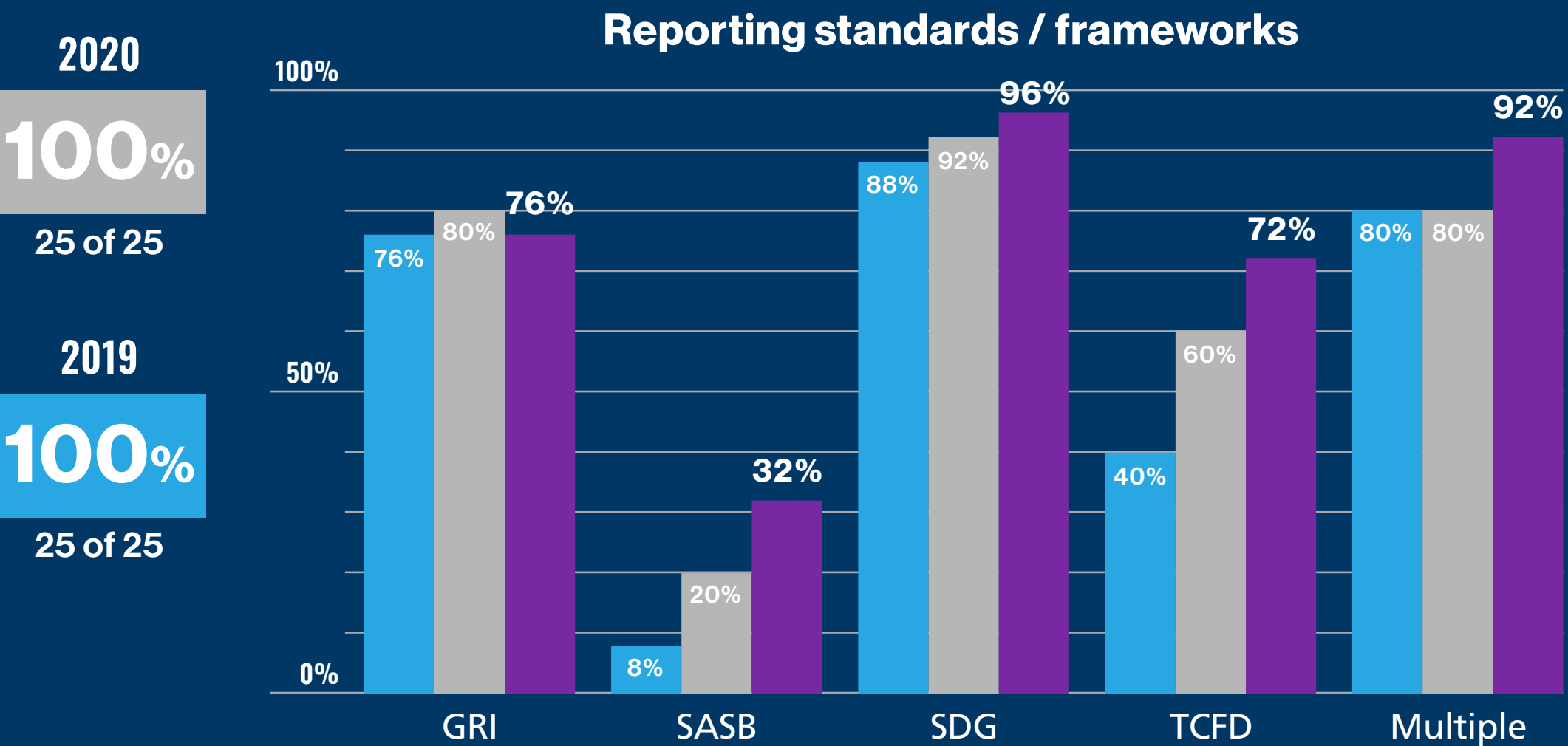
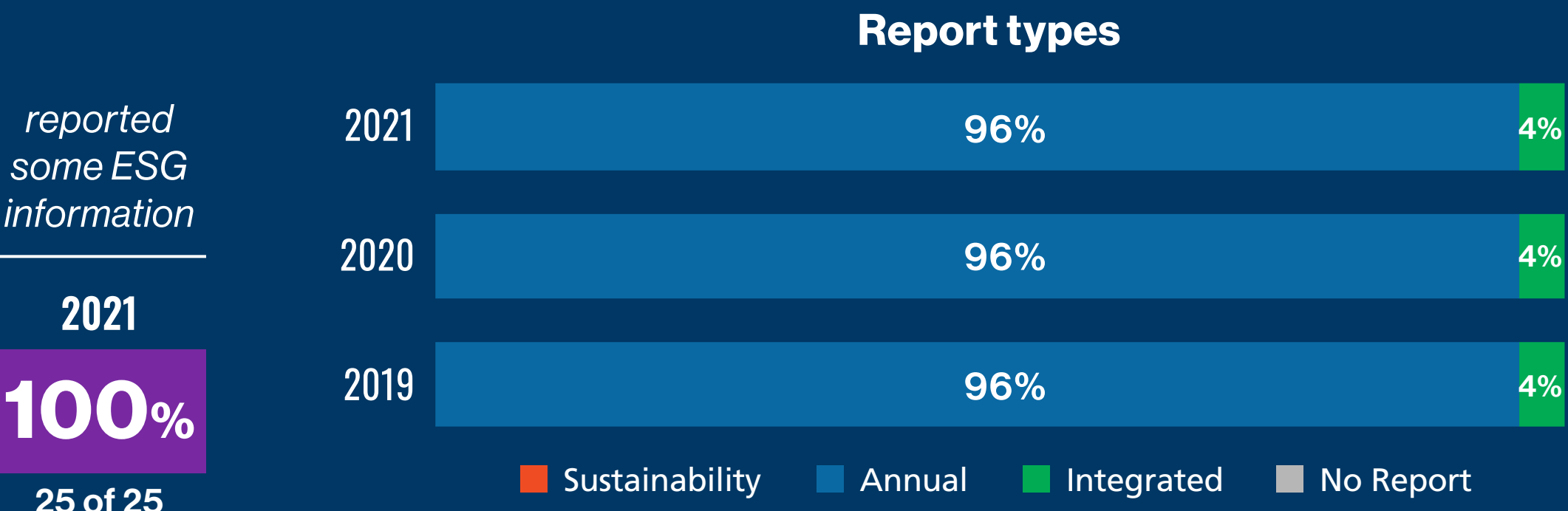
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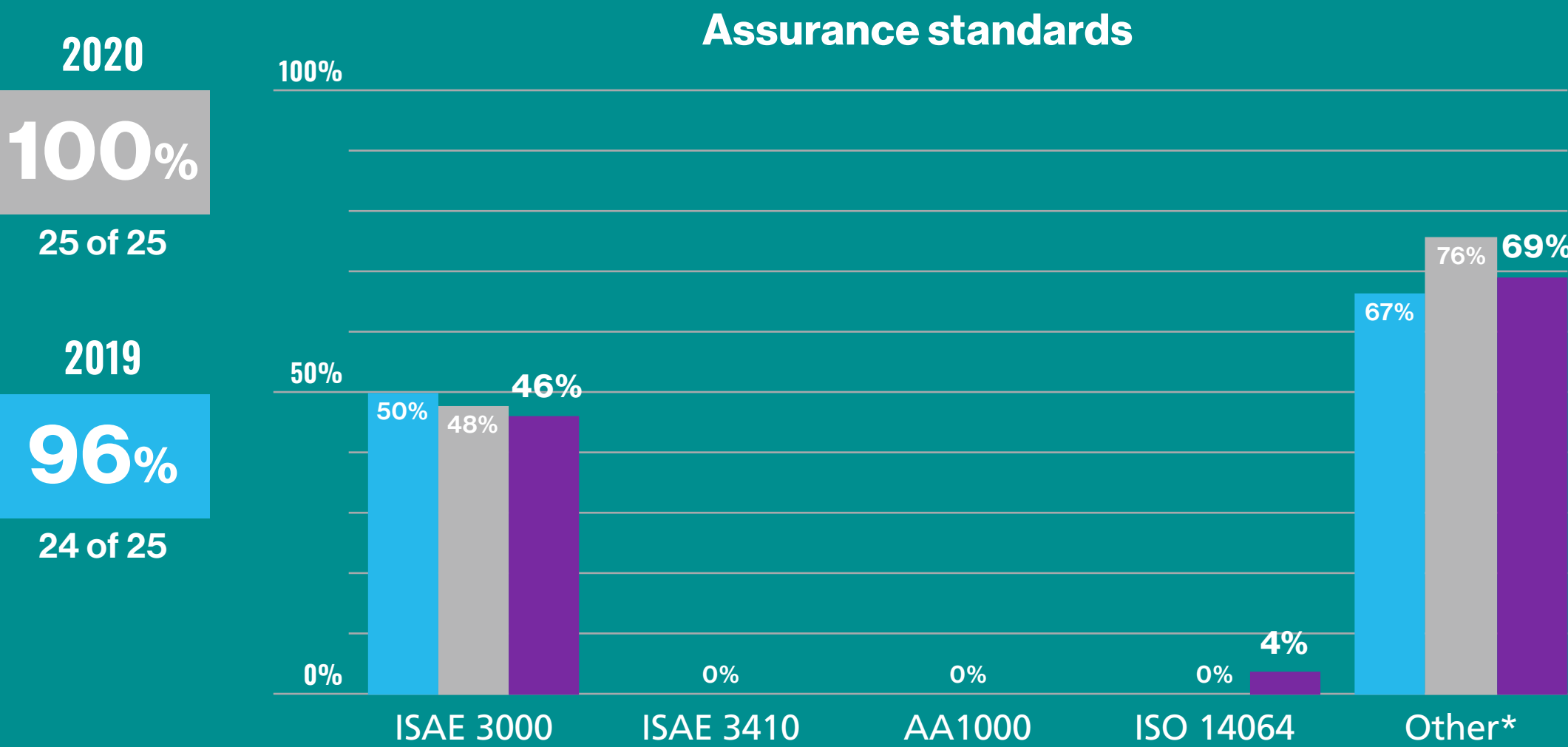
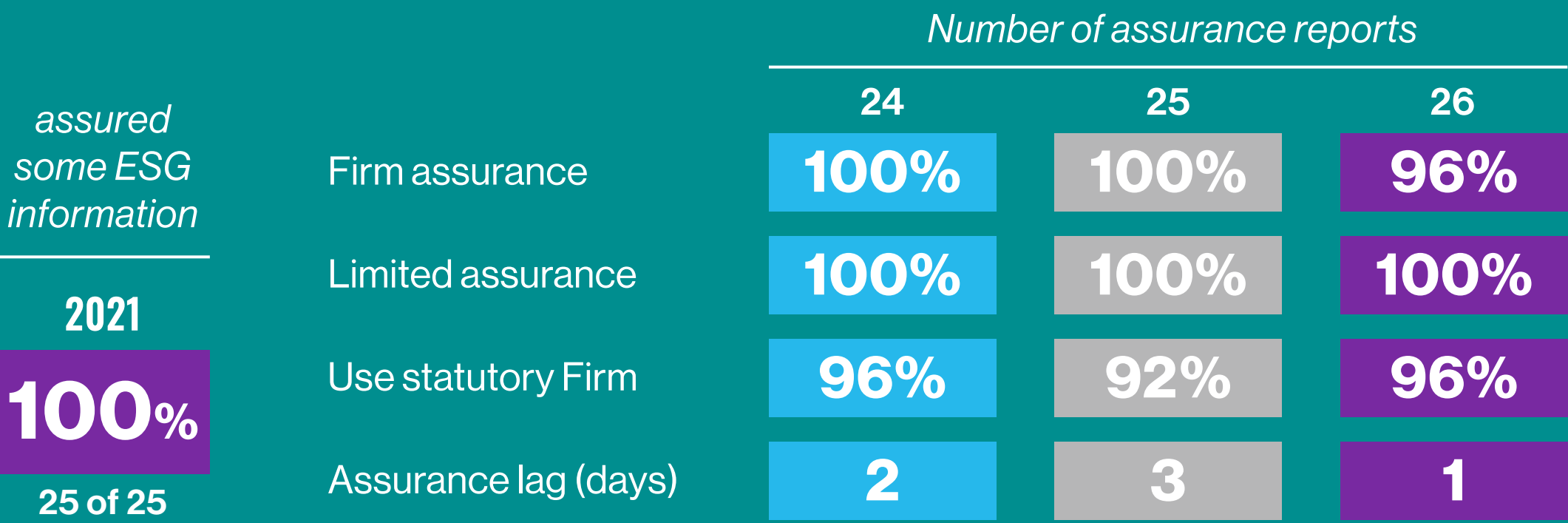
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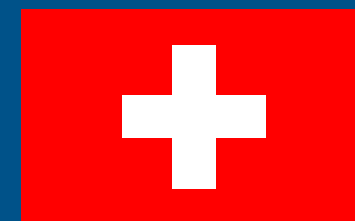


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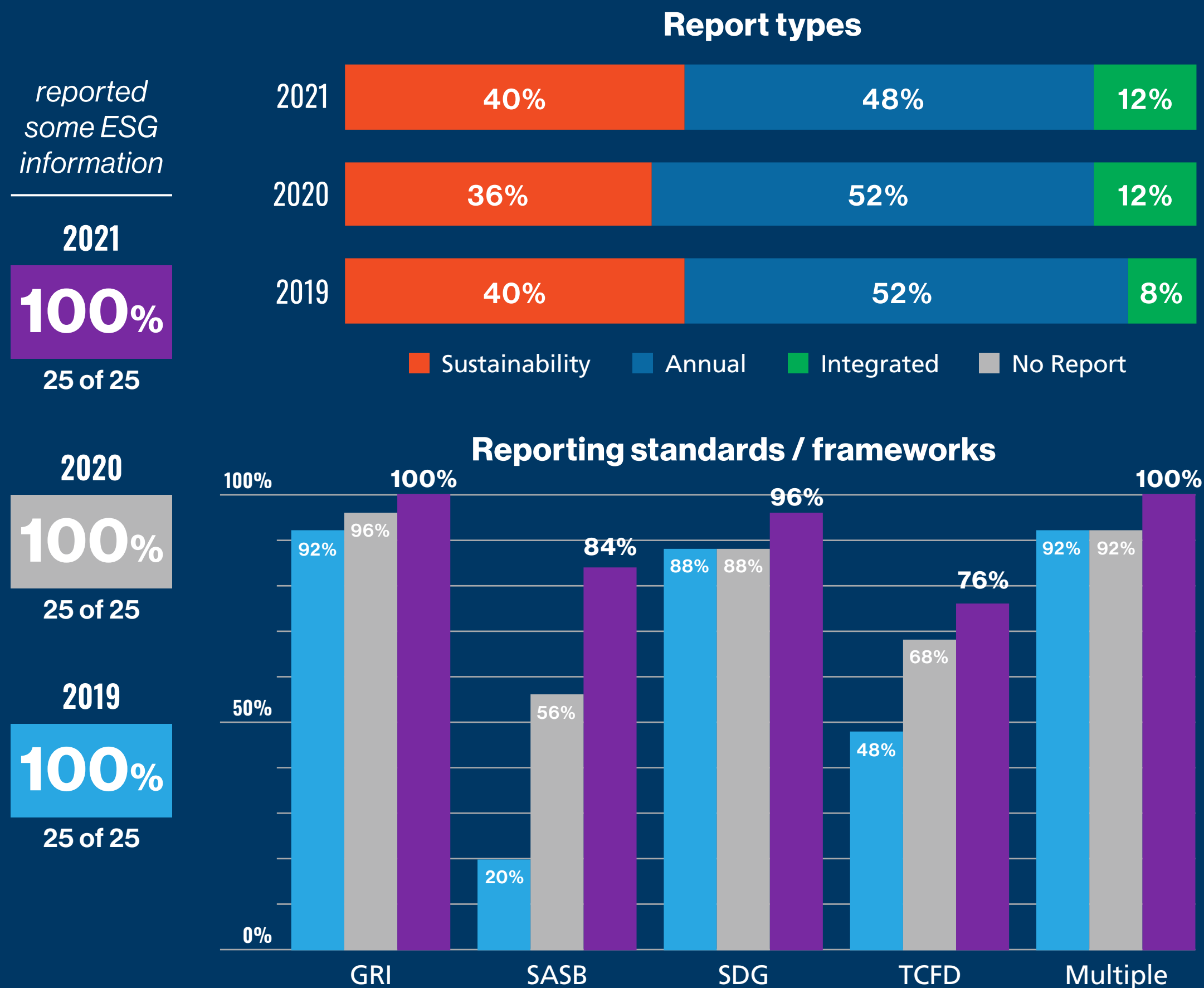


*Other standards refer to FAR's RevR 12 examination standard.

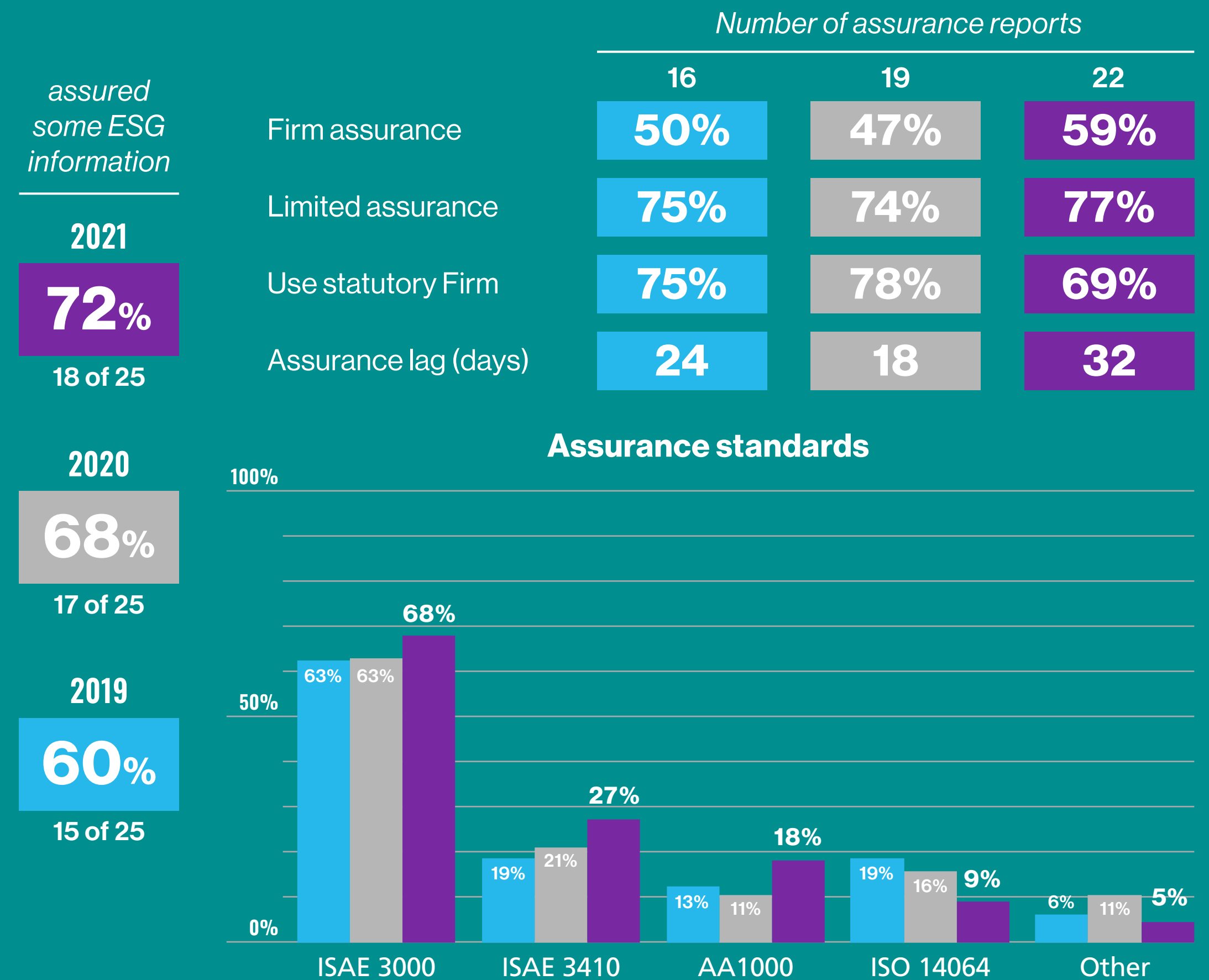
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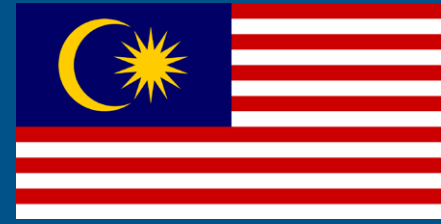


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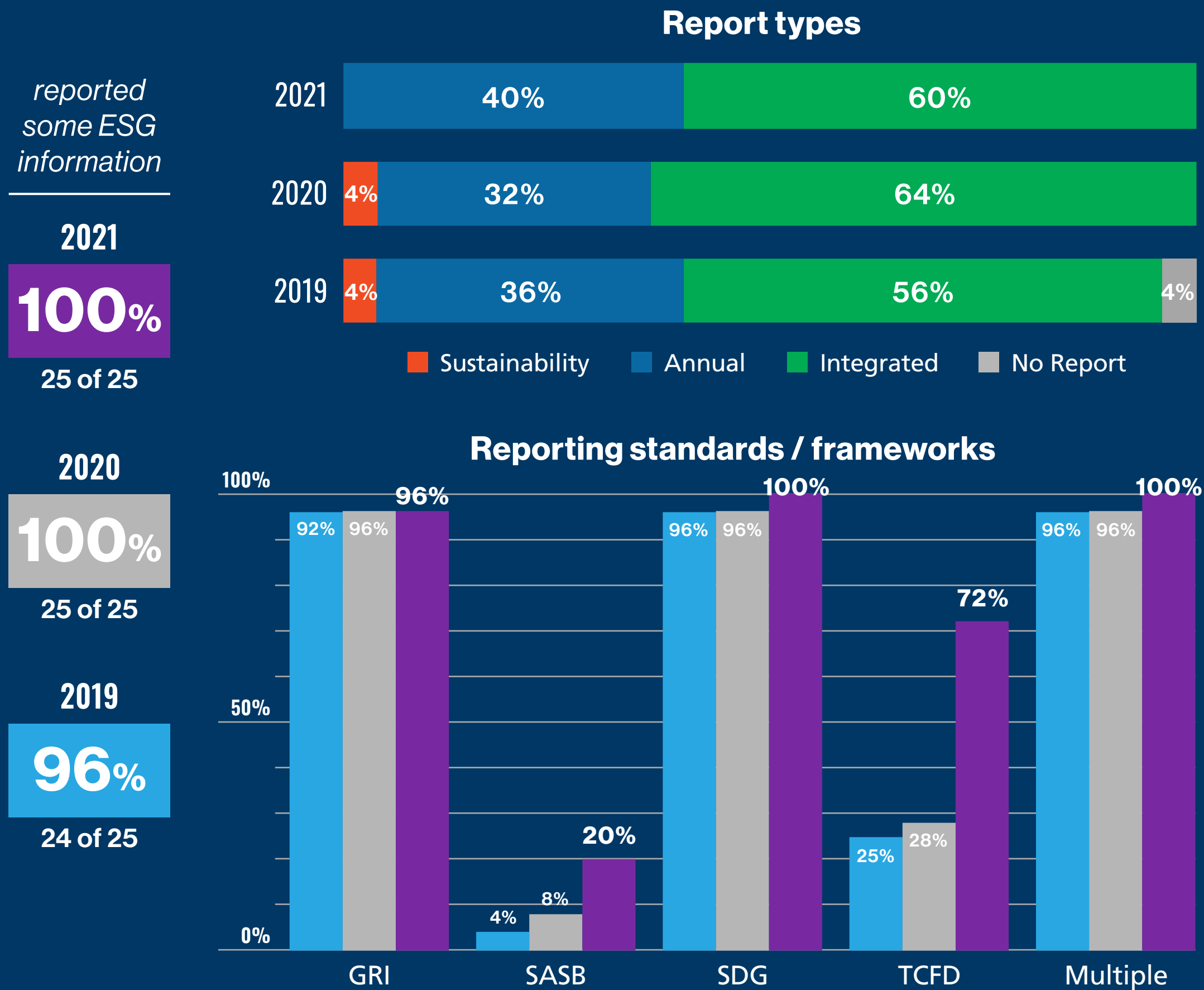


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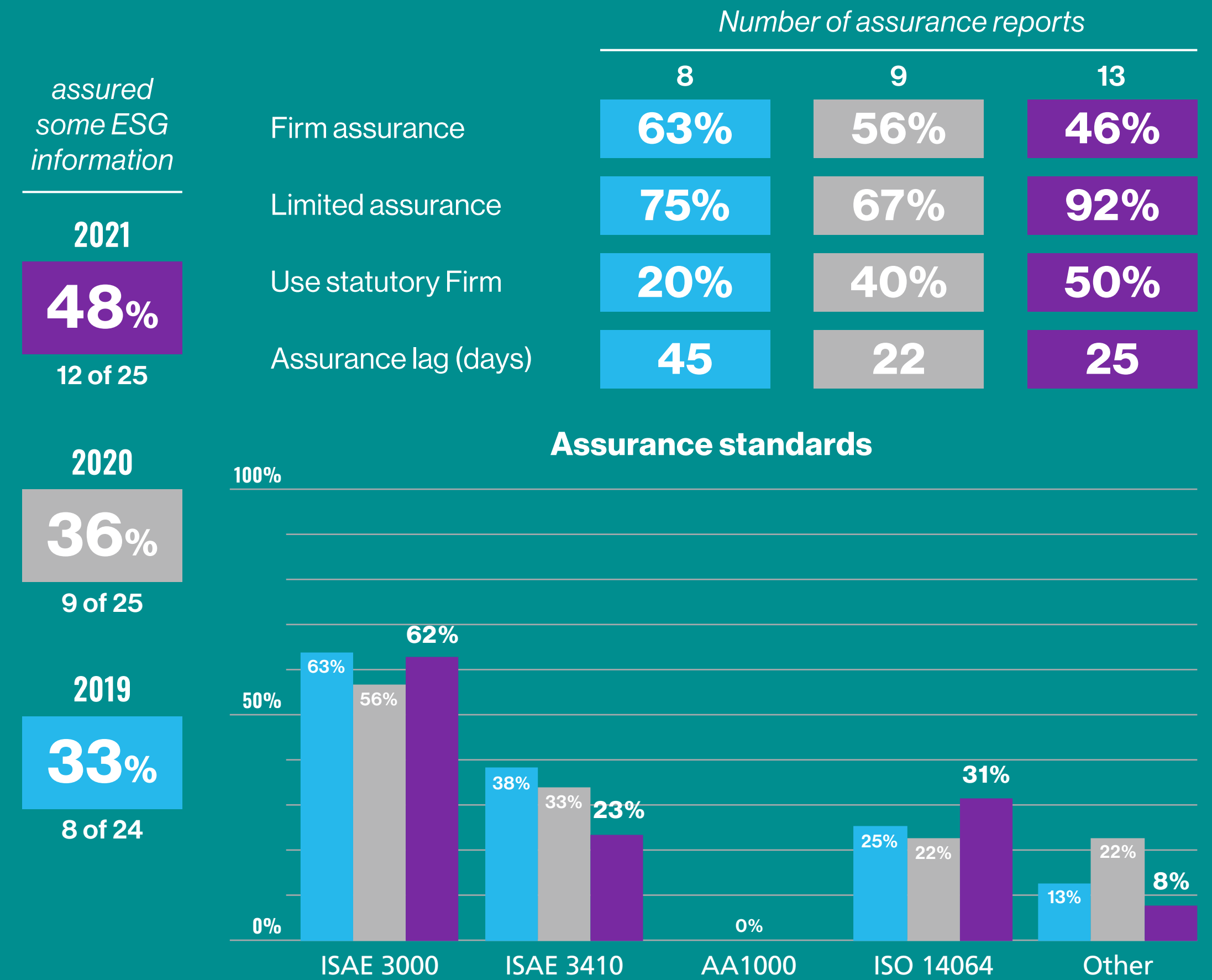




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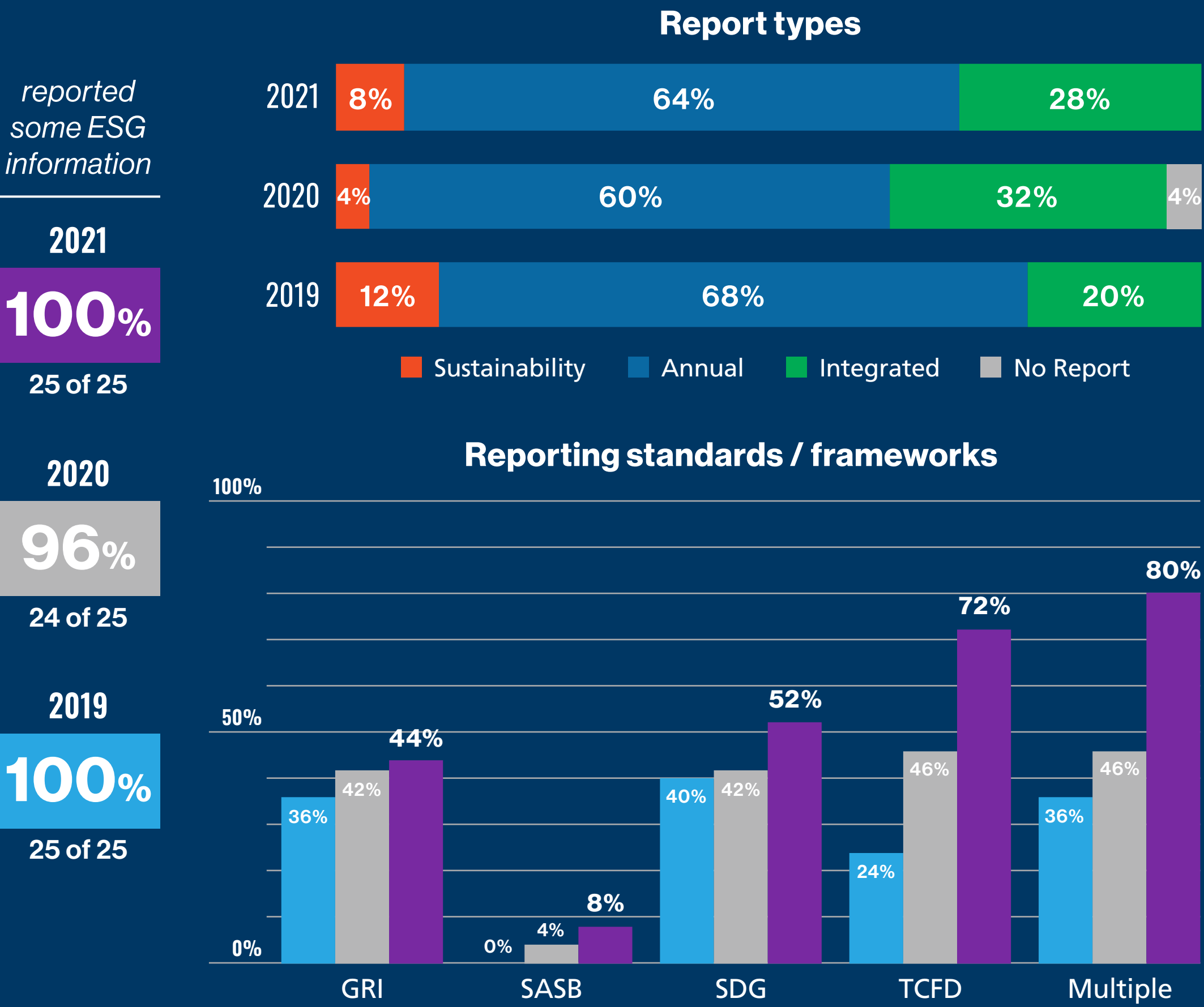
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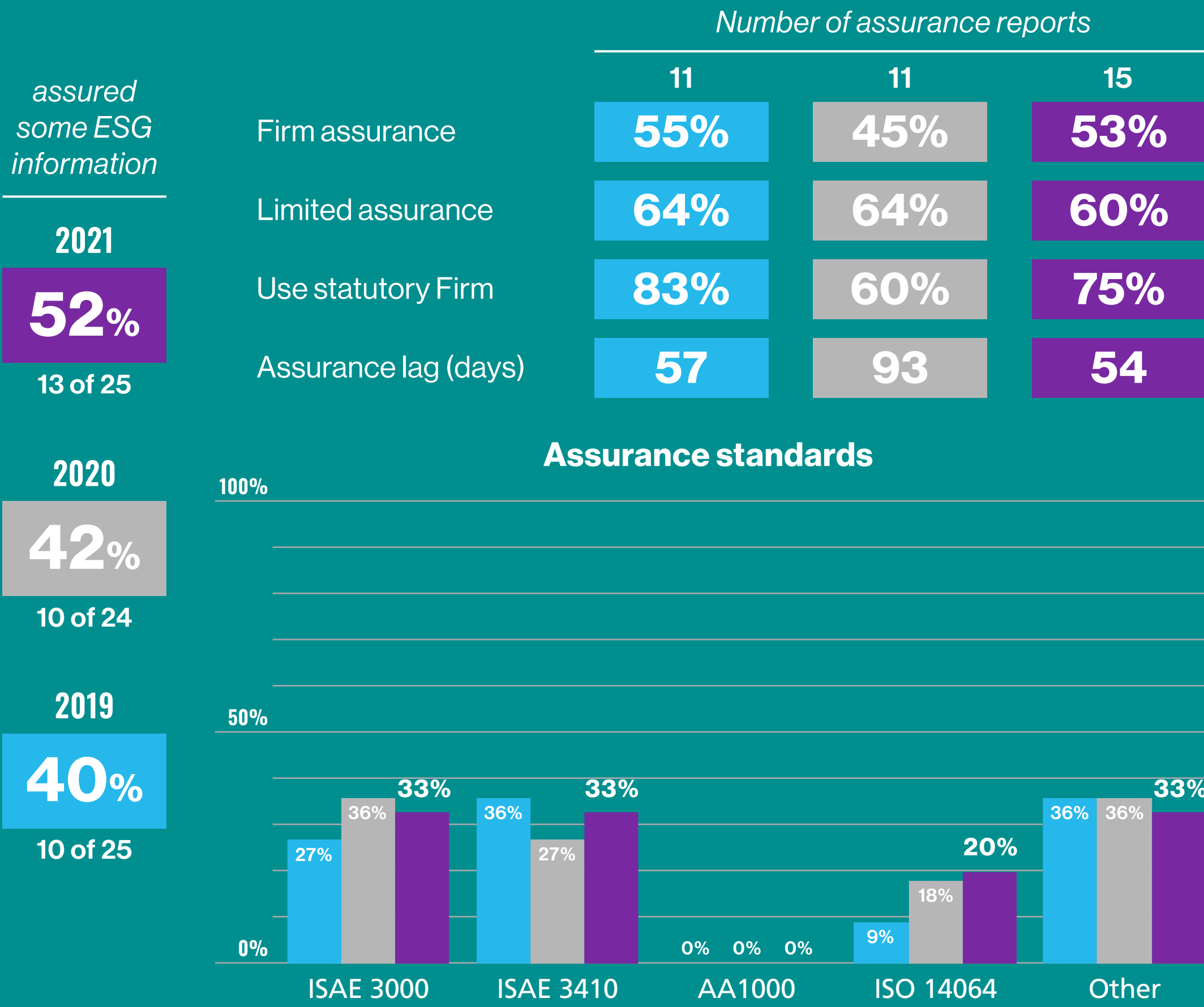
* A company may have more than one assurance report



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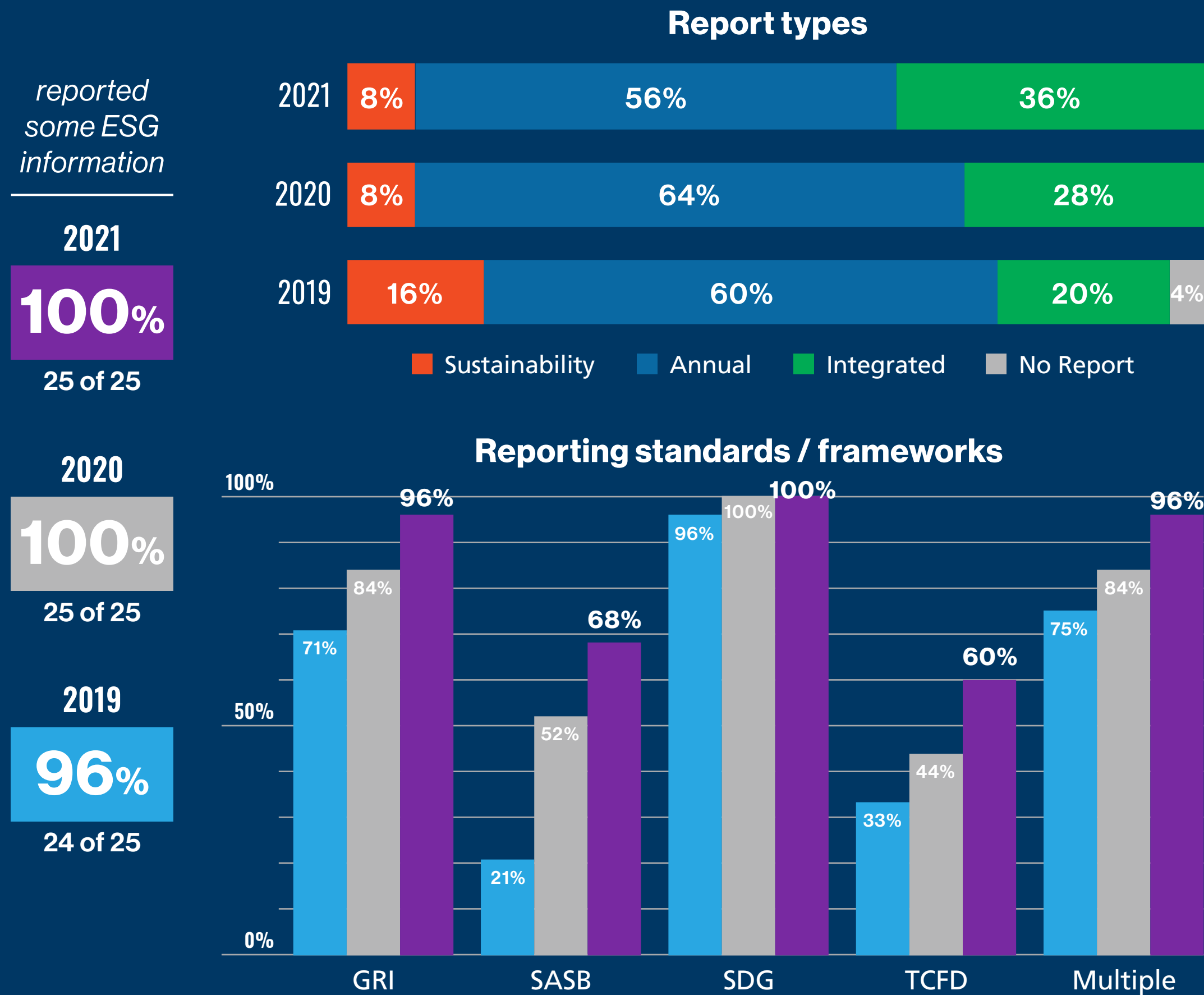
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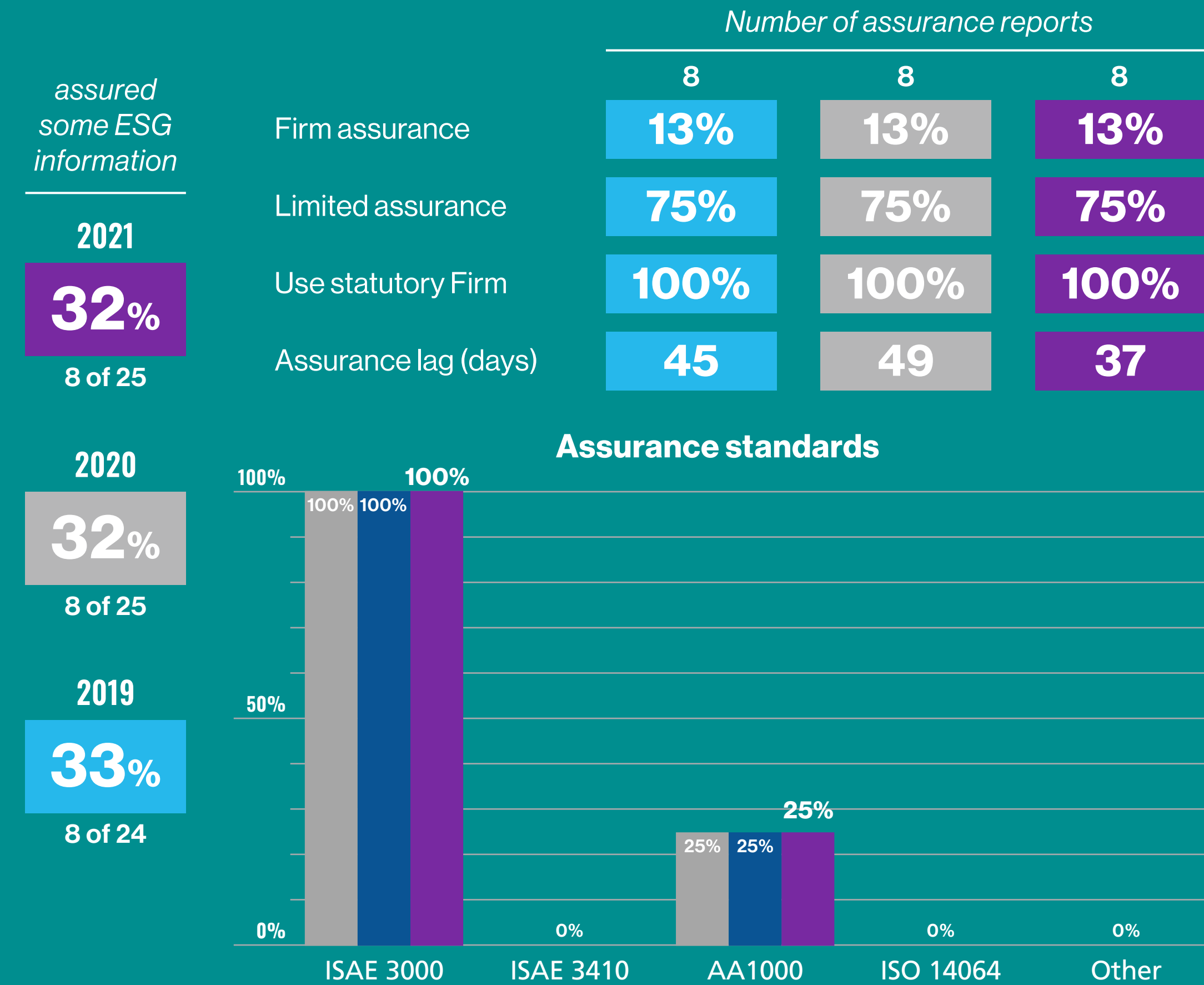
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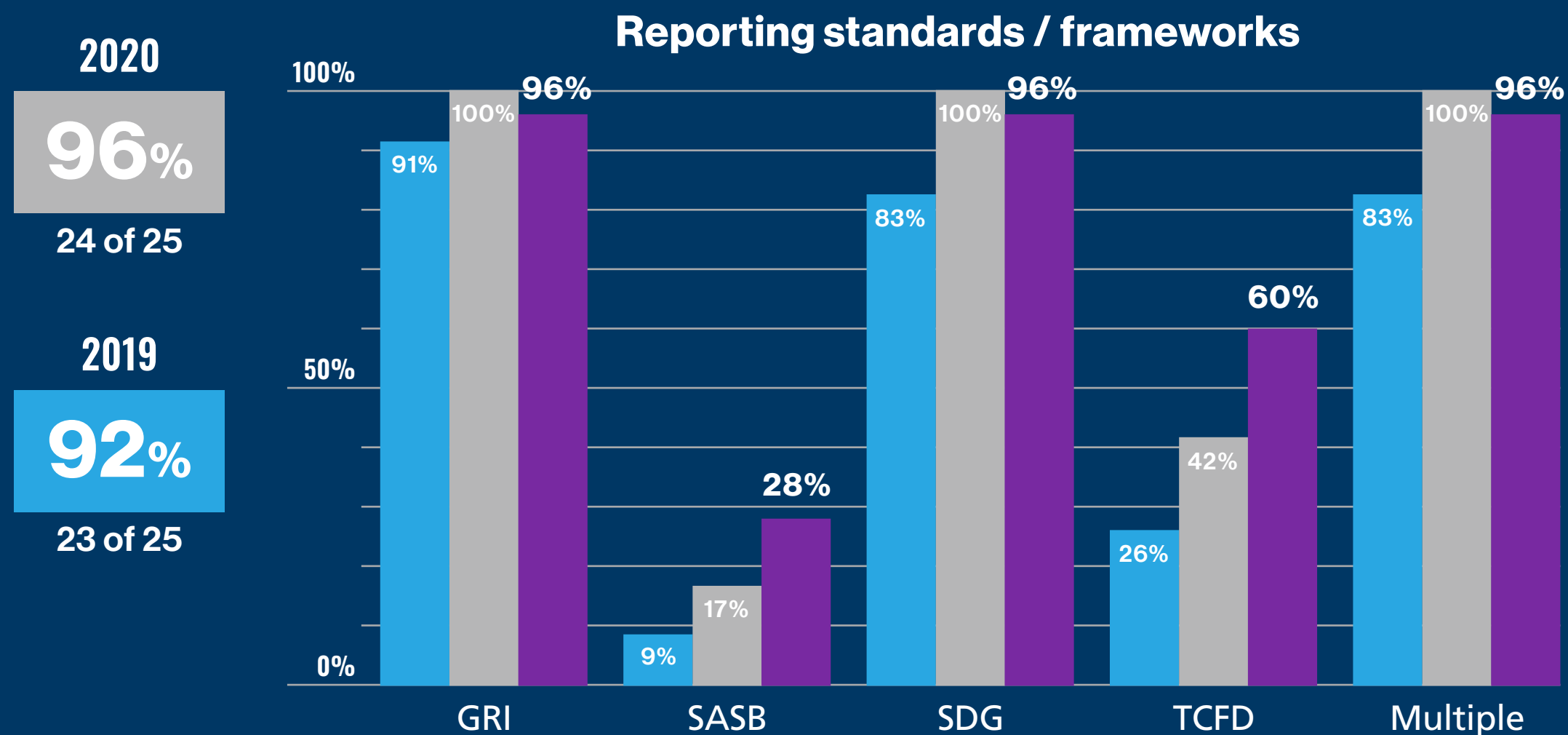
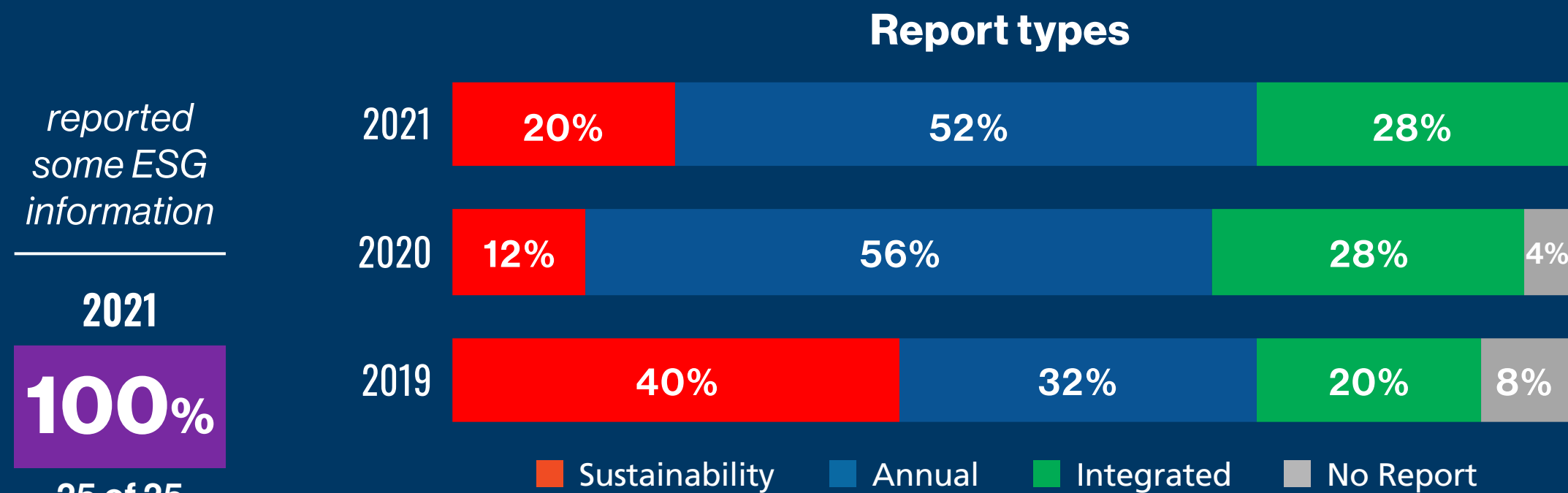


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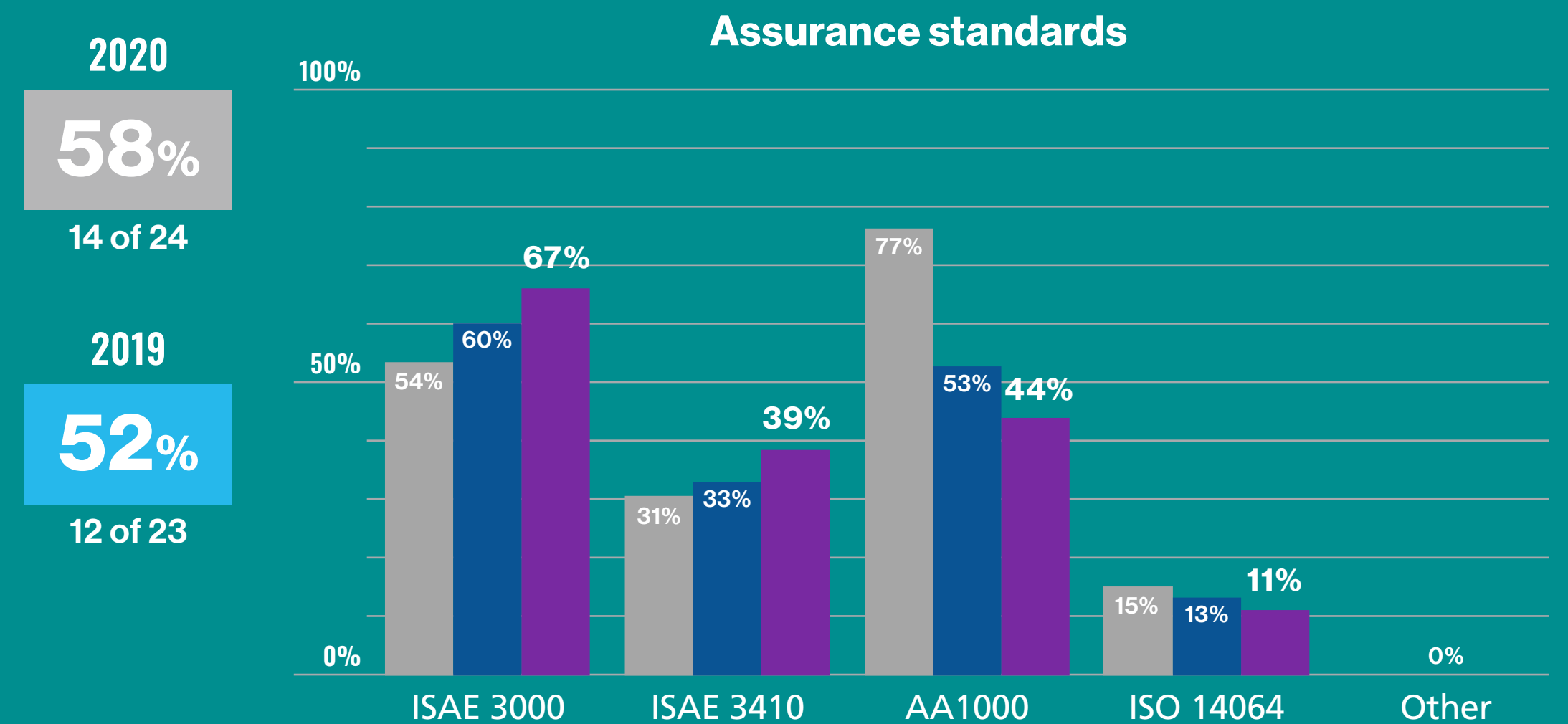
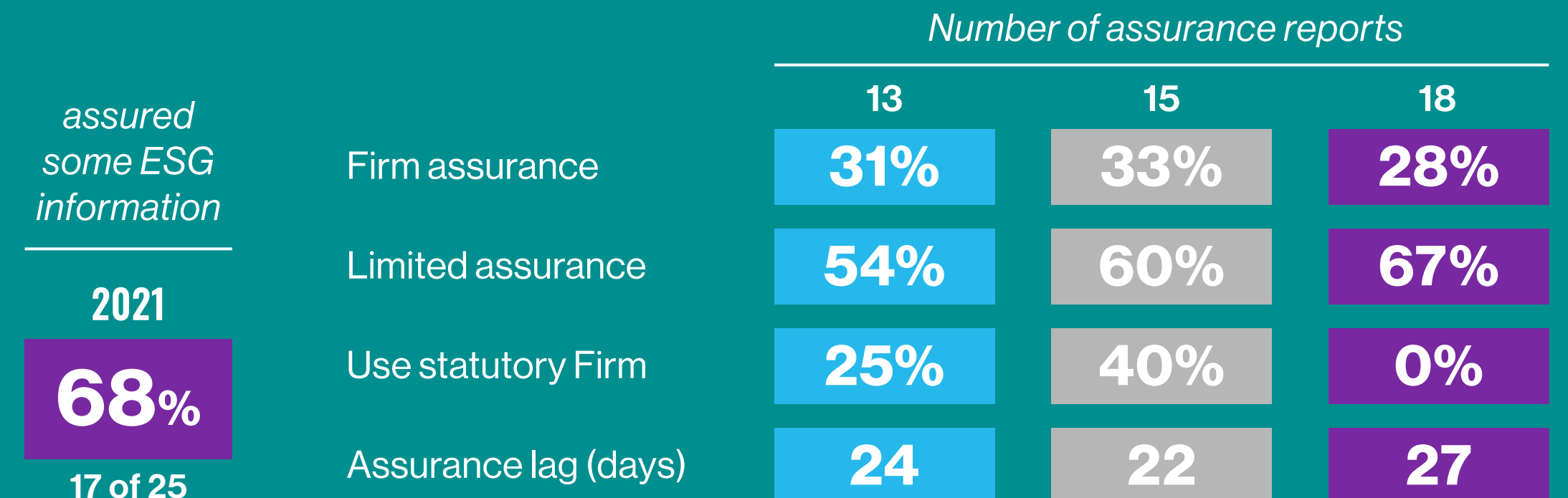




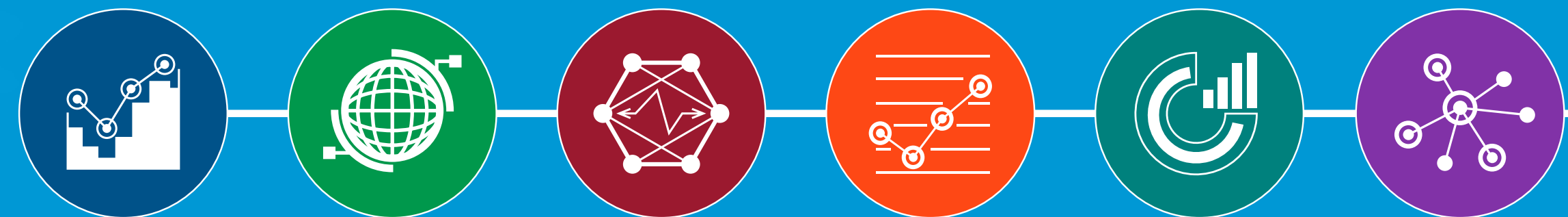
SUSTAINABILITY DISCLOSURE



SUSTAINABILITY ASSURANCE



METHODOLOGY



METHODOLOGY

This study reviewed the environmental, social, and governance (ESG, or sustainability) reporting and assurance practices in twenty jurisdictions selected to complement the twenty-two jurisdictions included in prior studies in the [State of Play Series](#).

The twenty-five largest exchange listed compan by market capitalization were reviewed. Company jurisdiction was based on the location of the company's headquarters.

Europe	LATAM	Middle East & Africa
<ul style="list-style-type: none">• Belgium• Ireland• Norway• Poland• Romania• Sweden• Switzerland	<ul style="list-style-type: none">• Chile• Colombia• Peru <div>Asia-Pacific</div> <ul style="list-style-type: none">• Malaysia• New Zealand• Philippines• Thailand	<ul style="list-style-type: none">• Egypt• Israel• Kenya• Morocco• Nigeria• UAE

DATA COLLECTION METHODOLOGY



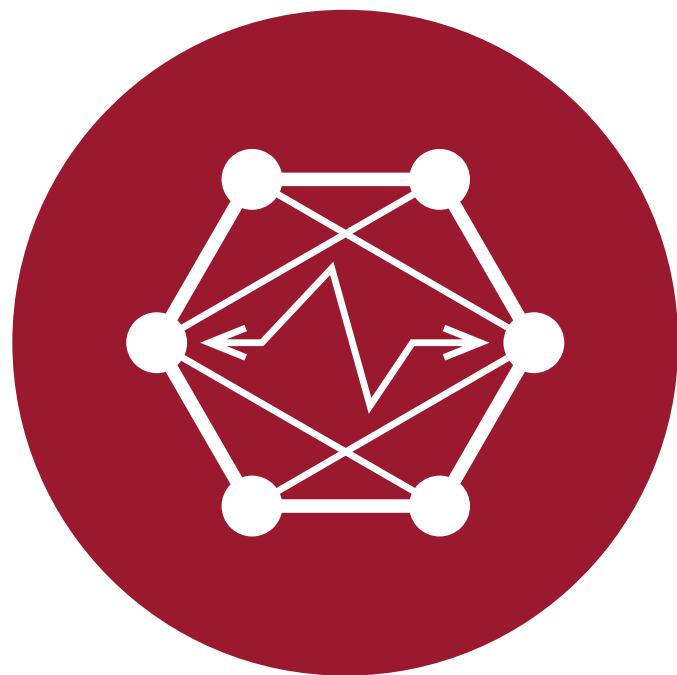
Reports were usually located in one of four locations on a company’s website.

1. Dedicated sustainability web page for stakeholders
2. Sustainability web page under “About the Company” section
3. Annual reports or downloads section of investor relations web page
4. Sustainability section of investor relations web page

If a report could not be located on a company’s website, the company name was searched with the term “2019, 2020, or 2021 sustainability report.” When available, reports that covered the year 2019 were collected. Four hundred nineteen (419) reports were collected covering 2019, four hundred thirty-three (433) reports covering 2020, and four hundred forty-seven (447) covering 2021. There was a total of one thousand two hundred ninety-nine (1,299) reports collected.

METHODOLOGY

REPORT CLASSIFICATION



Reports were classified into three groups: sustainability reports, annual reports, and integrated reports.

Sustainability reports were identified as those published for the sole or main purpose of informing stakeholders of environmental, social, or governance activities and performance. Annual reports were identified as those published for the main purpose of informing stakeholders of

financial performance. Annual reports were only collected if they included sustainability or ESG reporting. Integrated reports were identified as those published pursuant to the framework issued by the International Integrated Reporting Council, now part of the IFRS Foundation through the consolidation of the Value Reporting Foundation.

For companies that issued more than one report, a hierarchy was used to determine which report to collect. If an integrated report was published, the company was counted as reporting in an integrated report, regardless of any other publications. If a company published both an ESG report and published this ESG information within an annual report, the company was counted as reporting in an annual report.

REPORTING STANDARDS



Reporting standards were collected from the “About this Report” section. Both reporting standards and reporting frameworks were captured due to inconsistent disclosure regarding their use as standards or frameworks. Next, any standards or frameworks indexed in the appendix were collected. Finally, a text search for the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), United Nations Sustainable Development Guidelines (SDG), and Taskforce on Climate-related Financial Disclosures (TCFD) was used to find additional references within the body of the report. Standards and frameworks must have been used to report primary information to stakeholders.

ASSURANCE



A company was determined to have obtained assurance if an assurance report that covered ESG data was found within a sustainability, annual, or integrated report; on the company's website; or in other locations (typically the website of assurance providers or the CDP database). If a report included more than one assurance report, each report was reviewed separately.



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