

Hey! What's New? 2025-51

State of Play in Sustainability Assurance

Bryan Strickland writes, in the current issue of the *Journal of Accountancy*, that 73% of companies researched by the International Federation of Accountants (IFAC), the AICPA and CIMA for [*The State of Play: Sustainability Disclosure and Assurance*](#) obtained some assurance of their sustainability disclosures in 2023. The first report, released in 2019, said that just 51% offered assurance in an analysis of the 100 largest companies in the six largest featured jurisdictions (including the United States) and the 50 largest companies in 16 other jurisdictions.

Ninety-eight percent of the companies reported some sustainability data in 2023, up from 91% in 2019.

Strickland notes that, back in 2019, 57% of the data was reported in a separate sustainability report, but in 2023 that number stood at just 24%, with 44% of companies including data in annual reports and 30% in integrated reports.

According to the survey, “when audit firms provide assurance, 99% applied the ISAE 3000 (Revised) standards or similar AICPA or internationally recognized standards, while just 38% of other service providers did the same.”

“Auditors have extensive education requirements, adhere to strict independence rules, and possess a holistic view of an organization’s business, processes, and risk profile,” Strickland quotes Sue Coffey, CPA, CGMA, CEO—Public Accounting of the Association of International Certified Professional Accountants, as saying. “This makes them ideal candidates to perform sustainability assurance engagements, and we’re seeing many boards and audit committees endorsing that view as corporate reporting matures.”

The survey found that the majority of sustainability reports were assured by audit firms in 2023. The percentage dipped from 58% in 2022 data to 55% in 2023, but that doesn’t mean the percentage of companies turning to audit firms is falling. The dataset looks at total reports as opposed to the number of companies choosing audit firms versus other service providers (OSPs).

The survey report says that, in the four European Union countries covered in the report (France, Germany, Italy and Spain), where an overwhelming majority of reports are assured by audit firms, nearly 10% fewer reports were assured by audit firms in 2023 vs. 2022. Firms’ report consolidation efforts in those jurisdictions lowered the percentage of total reports assured by audit firms but not the number of companies using audit firms.

And, Strickland writes, “when companies obtain assurance for the first time, they typically focus on greenhouse gas-related information and start with OSPs who specialize in that area. OSPs are more likely to issue multiple greenhouse gas-related assurance reports (for example, an average of 2.5 assurance reports were generated per company in South Korea in 2023, an approach that increases the overall percentage of reports assured by OSPs).”

The survey found that “large companies in the United States have been relatively slow to turn to audit firms for assurance of sustainability data, but the rate is rising. Twenty-eight percent of sustainability reports at large U.S. companies were assured by an audit firm in 2023, up from

11% in 2019 and 23% in 2022. Companies in the United States, partially in response to and in anticipation of global and domestic regulations, reported sustainability data in annual or integrated reports 35% of the time in 2023, up from just 7% the prior year.”

IFAC CEO Lee White said, in the same news release, “the largest global companies have responded well to voluntary systems of sustainability reporting and assurance, driven by investor demand. With new global standards in place, regulators now have the toolkits to move from voluntary to mandatory disclosures over time, which we expect will further drive high-quality, consistent, and comparable sustainability-related information for the investing public and all stakeholders.”

For more, check out [State of Play: How firms are helping smooth sustainability reporting](#).