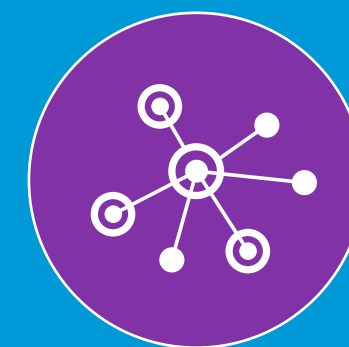
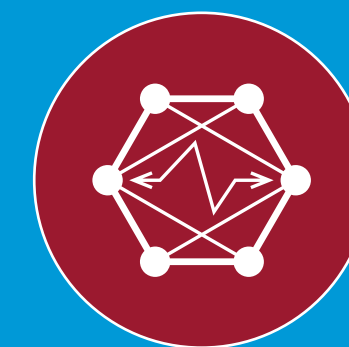




THE STATE OF PLAY: SUSTAINABILITY DISCLOSURE & ASSURANCE

2019-2021 TRENDS & ANALYSIS



FEBRUARY 2023

FOREWORD

This marks our third annual benchmarking study of global practice in sustainability disclosure and its assurance. The momentum behind enhancing corporate reporting with environmental, social, and governance (ESG) or sustainability information continues—demonstrated by our findings that 95% of large companies report on ESG and 64% of companies now obtain assurance/verification over some of the information they provided in 2021 (increasing from 91% and 51%, respectively, in 2019).

The need for a harmonized, global system for reporting decision-useful information is clearer than ever before given 86% of the companies reviewed employed multiple standards and frameworks to prepare and present sustainability information. We continue to believe this practice neither supports consistent, comparable, and reliable information, nor provides a foundation for globally consistent, high-quality sustainability assurance.

New in this report, we examine the extent to which companies provide *forward-looking* information on climate: emissions reduction targets and plans for achieving them. While nearly two-thirds of companies disclosed targets, they lag the rate at which companies report their *historic* greenhouse gas emissions (97%).

Other key highlights in this report demonstrate important global trends, as well as continuing jurisdictional differences.

- Stand-alone sustainability reports remain a popular format for disclosure (especially in Canada, U.S., and jurisdictions in Asia). But there are jurisdiction-specific trends toward reporting in annual reports and integrated reports, which provide more connectivity between ESG and financial information and support integrated decision making within companies.
- While most reporting focuses on multi-stakeholder and societal matters, using or referencing the TCFD Framework and SASB Standards has grown dramatically since 2019, albeit unevenly around the world.
- The rate of assurance has increased significantly from 2019 to 2021, but most engagements remain narrowly focused on greenhouse gas metrics. Little more than half (53%) of engagements encompassed a range of ESG disclosures.
- The International Auditing and Assurance Standards Board’s (IAASB) International Standard on Assurance Engagements 3000 (Revised) remained the most widely used assurance standard.

Assurance enhances trust and confidence in ESG information and the systems and controls used to collect and report data. It also supports informed capital allocation decisions. We believe professional accountants are best positioned to conduct engagements that connect sustainability assurance

with financial statement audits—all based on rigorous and widely accepted professional, quality management, and ethical standards. In fact, 70% of the time, companies that obtained sustainability assurance from a professional accountant engaged their statutory auditor to also review their ESG disclosures.

- However, in seven jurisdictions, non-accountancy service providers performed a majority of assurance engagements, albeit narrower in scope—focused on greenhouse gas or other environmental metrics.

As the ISSB, IAASB, IESBA collectively work to ensure their standards support high-quality sustainability disclosure and assurance, the accountancy profession must demonstrate to stakeholders why our profession is best placed to deliver assurance. We hope that this study continues to serve as a foundation for evidenced-based conversations amongst policy makers, regulators, preparers, and all users of sustainability information.



Kevin Dancey
Chief Executive
Officer, IFAC



Susan S. Coffey
CPA, CGMA, Chief Executive
Officer – Public Accounting
AICPA & CIMA

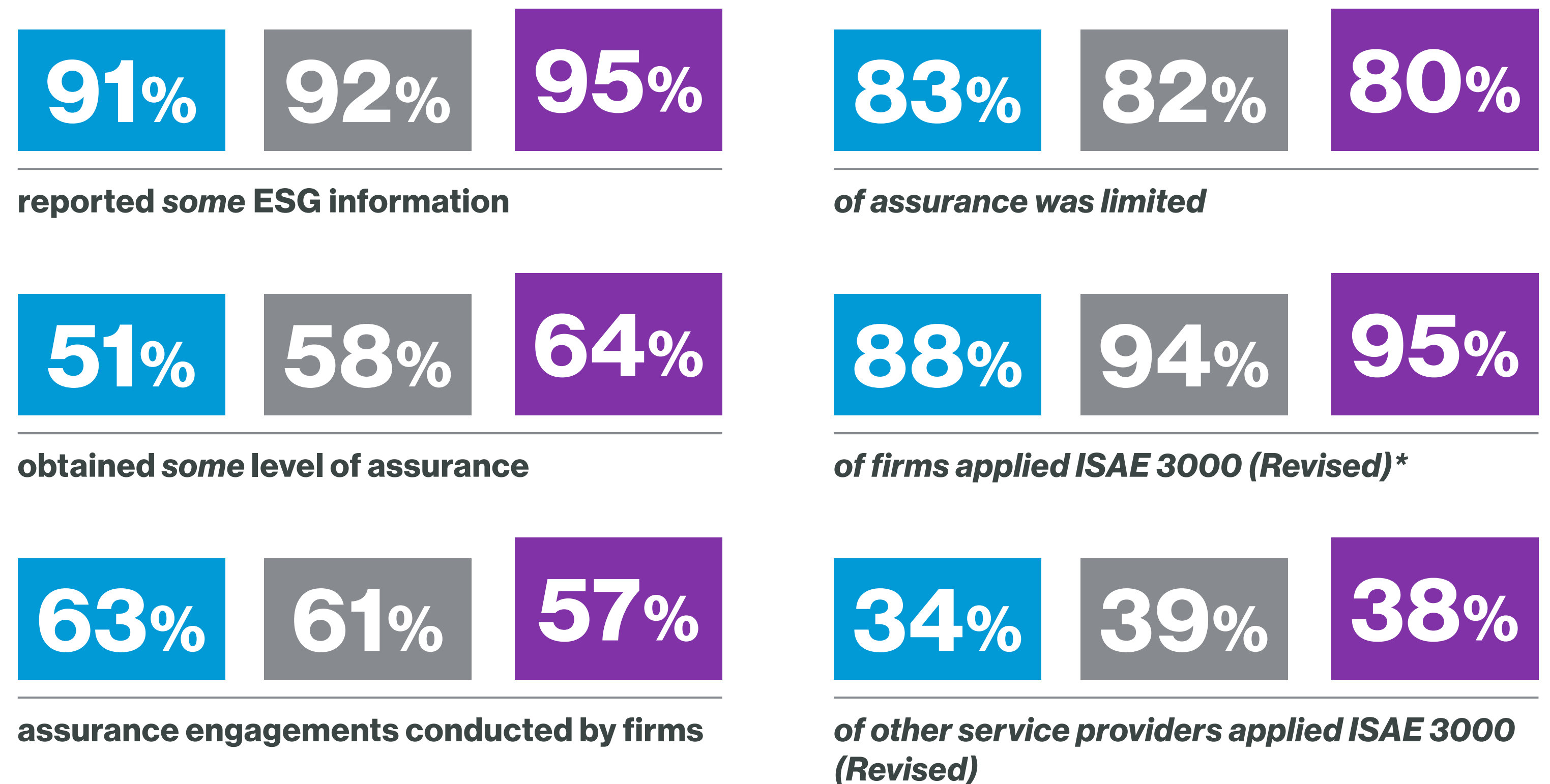
MAPPING GLOBAL REPORTING AND ASSURANCE PRACTICES

For the third consecutive year, our 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.

This study updates understanding, based on 2021 reporting, of market practice for the reporting and assurance of environmental, social, and governance (ESG or sustainability) information, globally. 1,350 companies across twenty-one jurisdictions were reviewed for 2021 (see Methodology Section).

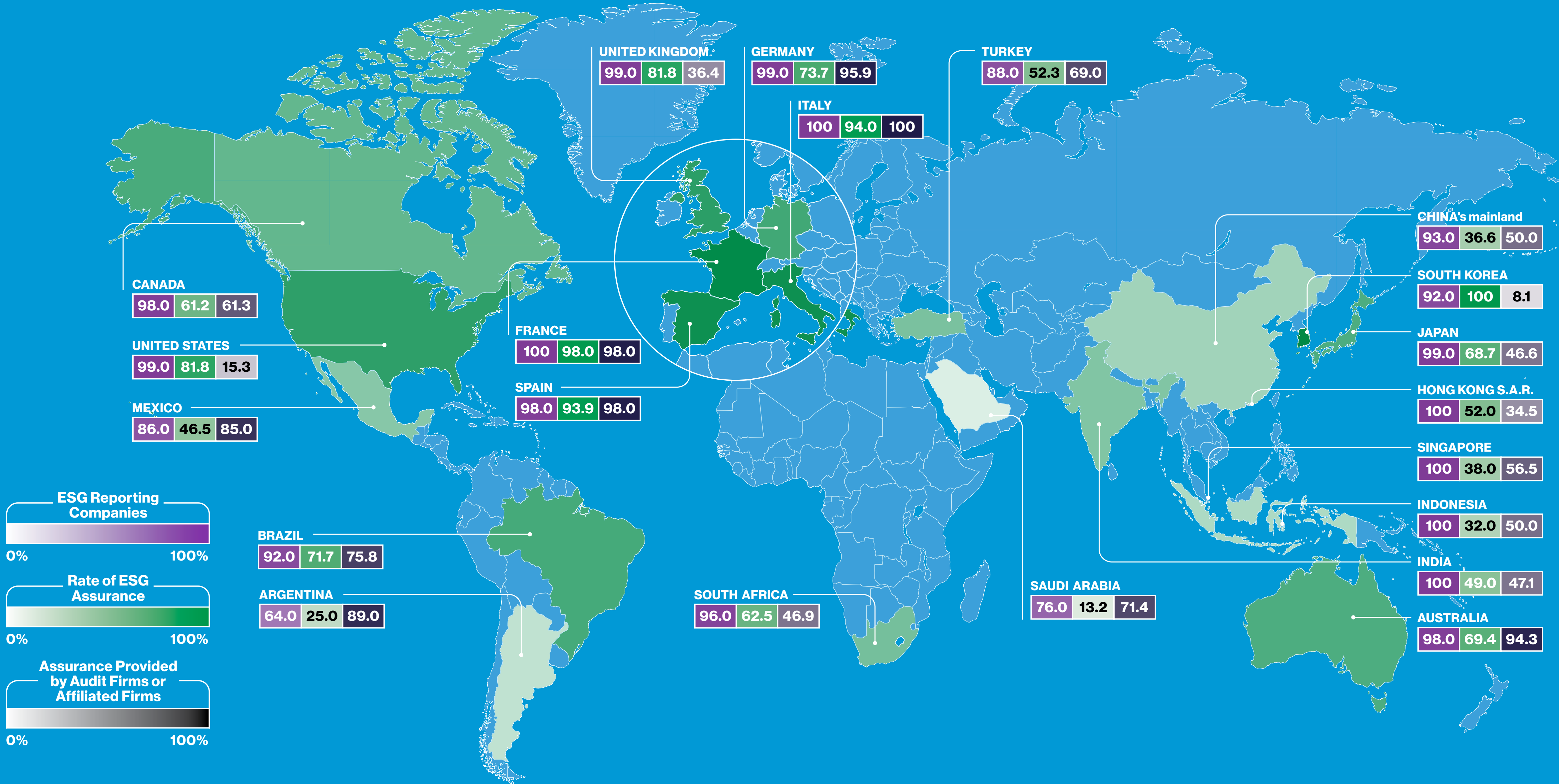
* Including national assurance standards—such as the AICPA's attestation standards—that are at least as robust as ISAE 3000 (Revised), Firms applied ISAE 3000 (Revised), or corresponding national standards, **96%** in 2019, **96%** in 2020, and **99%** in 2021.

KEY FINDINGS: 2019 | 2020 | 2021



[▶ Link to 2020 State of Play report](#)

MAPPING GLOBAL REPORTING AND ASSURANCE PRACTICES - 2021



SCOPE OF REPORTING AND ASSURANCE

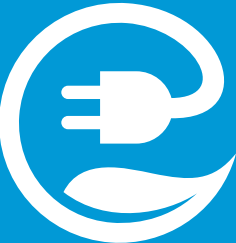
Reporting:

Most companies reported some information on GHG, other environmental, social, and governance sustainability matters. The percentage of companies who provided information in all four of these ESG categories examined in this study **increased to 96%**.

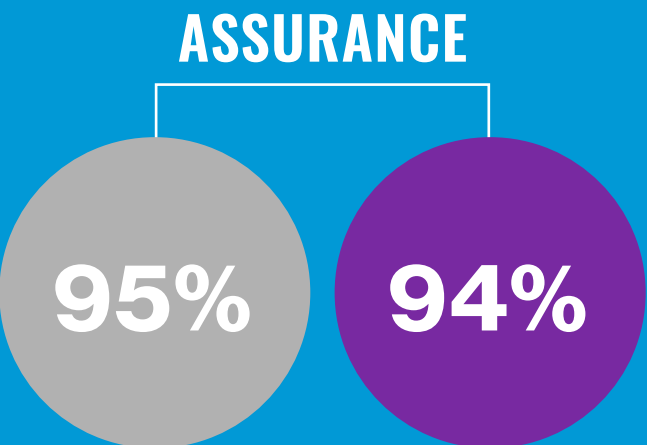
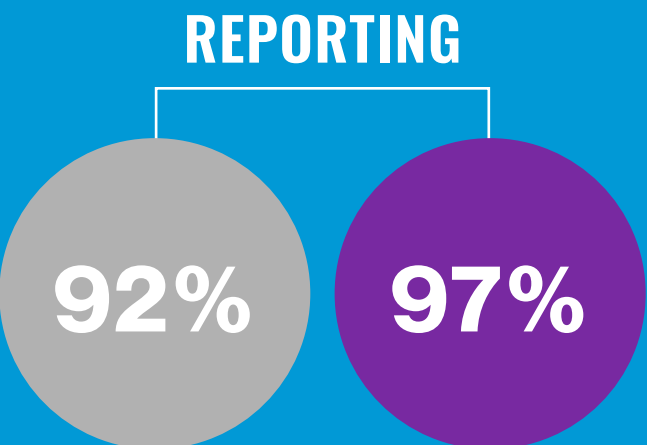
Assurance:

Companies who obtained assurance still focused primarily on GHG data, but the scope of information being assured increased. **53% of companies** obtained assurance on information in all four of the ESG categories examined in this study.

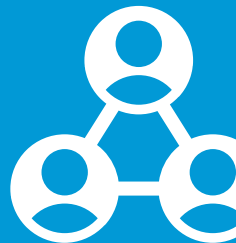
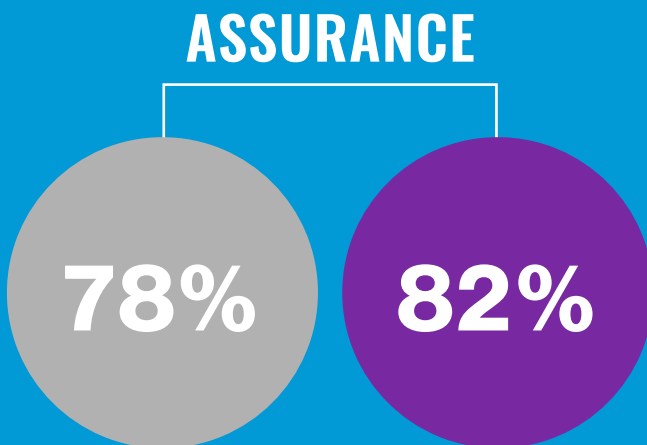
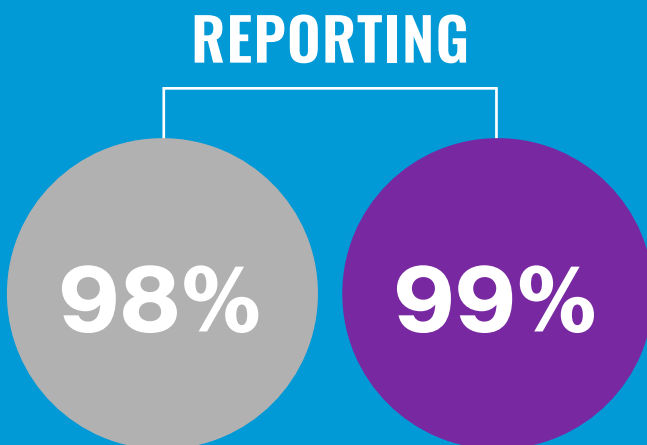
2020 2021



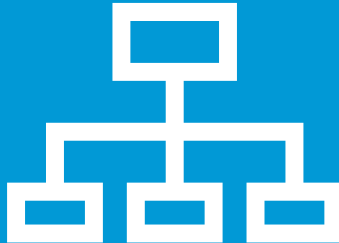
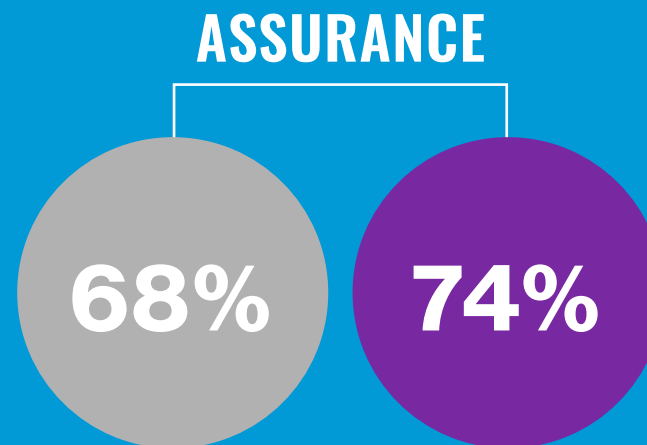
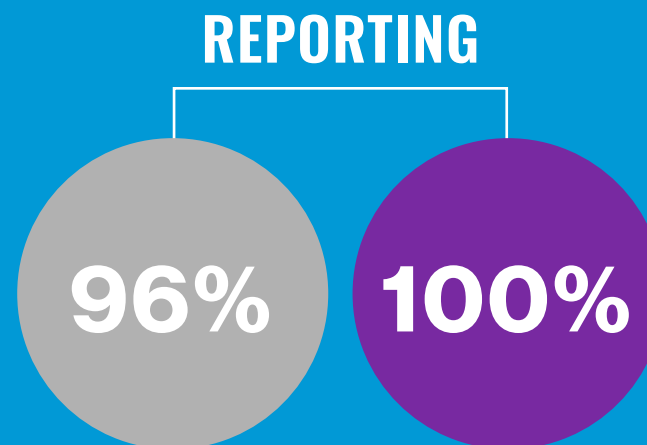
GHG



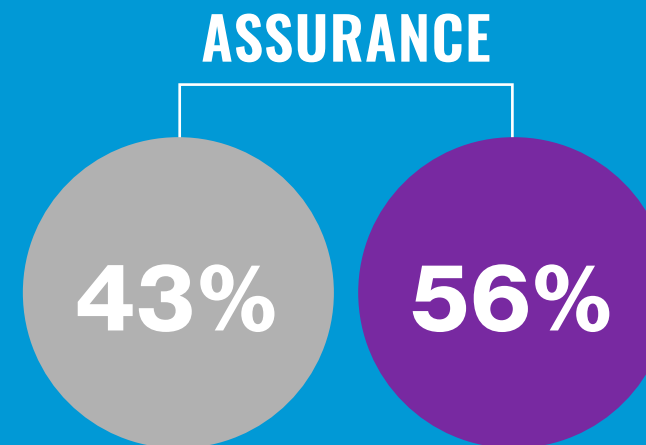
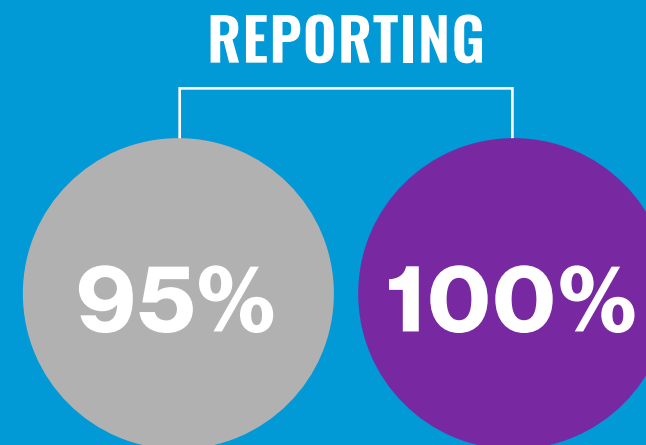
Other Environmental



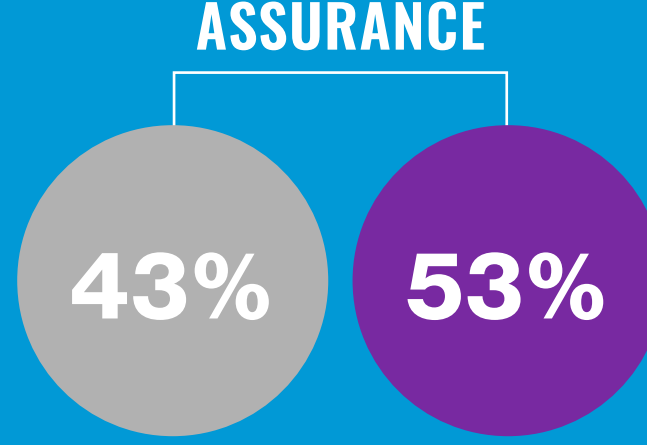
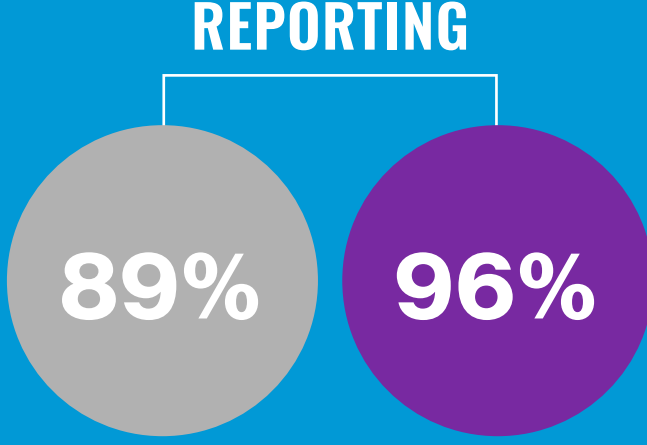
Social



Governance*

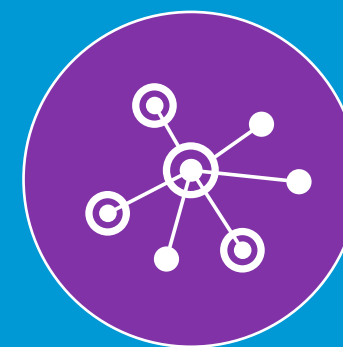
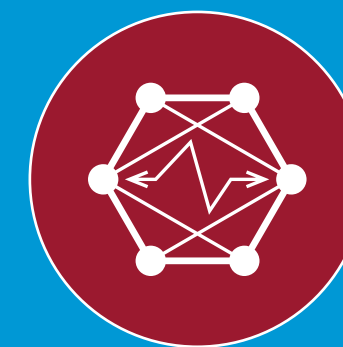


All Topics

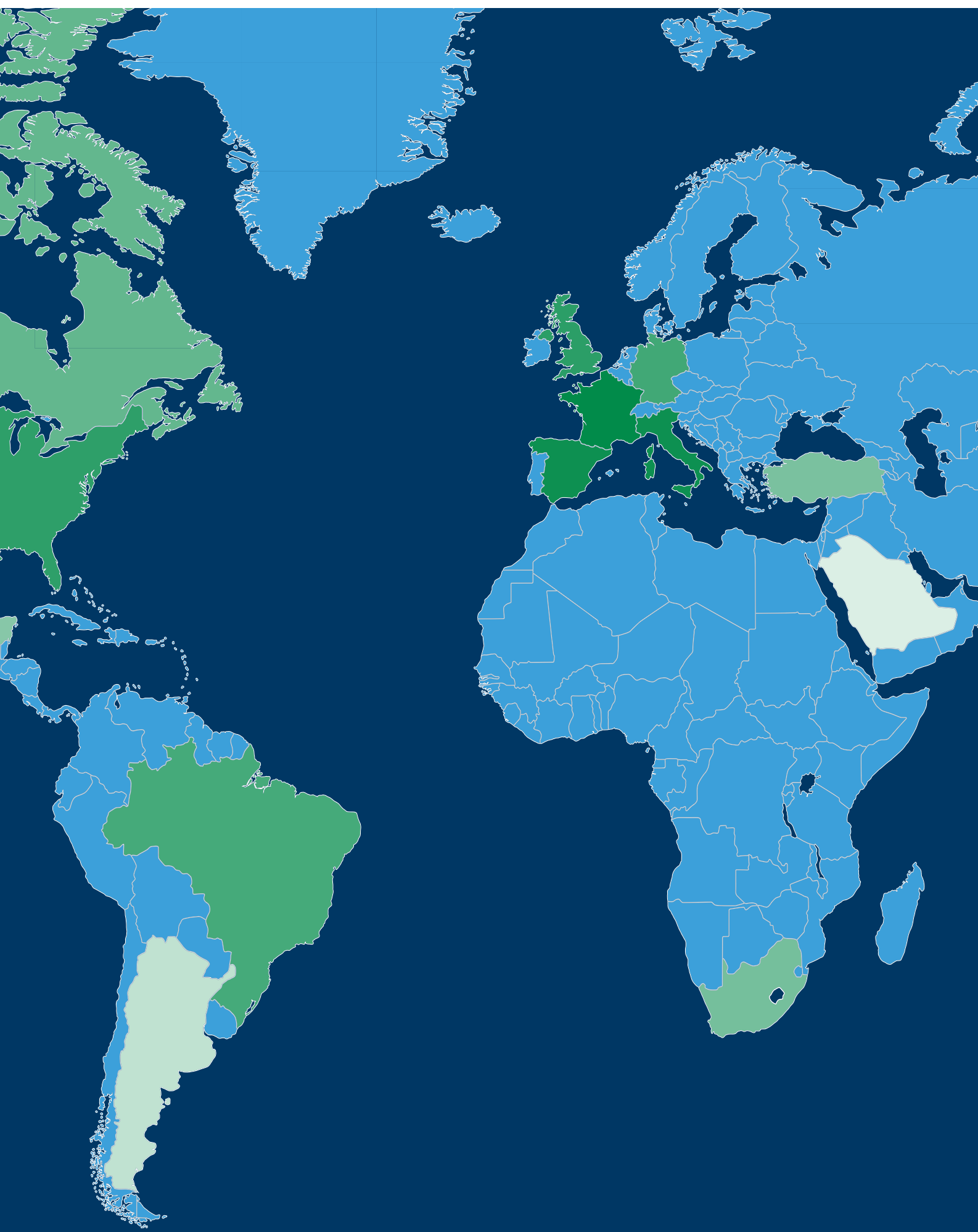


* Governance does not include remuneration (or other) information that is statutorily required to be reported and assured in some jurisdictions

REPORTING



SUMMARY CHANGES: REPORTING



METHOD OF REPORTING. The use of stand-alone sustainability reports has declined globally over the 2019-2021 reporting periods, with Canada, China's mainland, Hong Kong S.A.R., South Korea and the U.S. being notable exceptions. Elsewhere ESG reporting in integrated reports (Brazil, France, Japan, India, Turkey, Singapore) and annual reports (Germany, Spain, Saudi Arabia, Indonesia, and Singapore) has increased. (See page 8 for more information.)

STANDARDS & FRAMEWORKS.

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

1,283 of **1,350** companies reported ESG information in 2021 (compared to **1,283** of **1,400** in 2020).

SASB increase of

29%

over 2020

TCFD increase of

30%

over 2020

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

increasing from

72%

to

74%

(GRI)

increasing from

76%

to

79%

(SDGs)

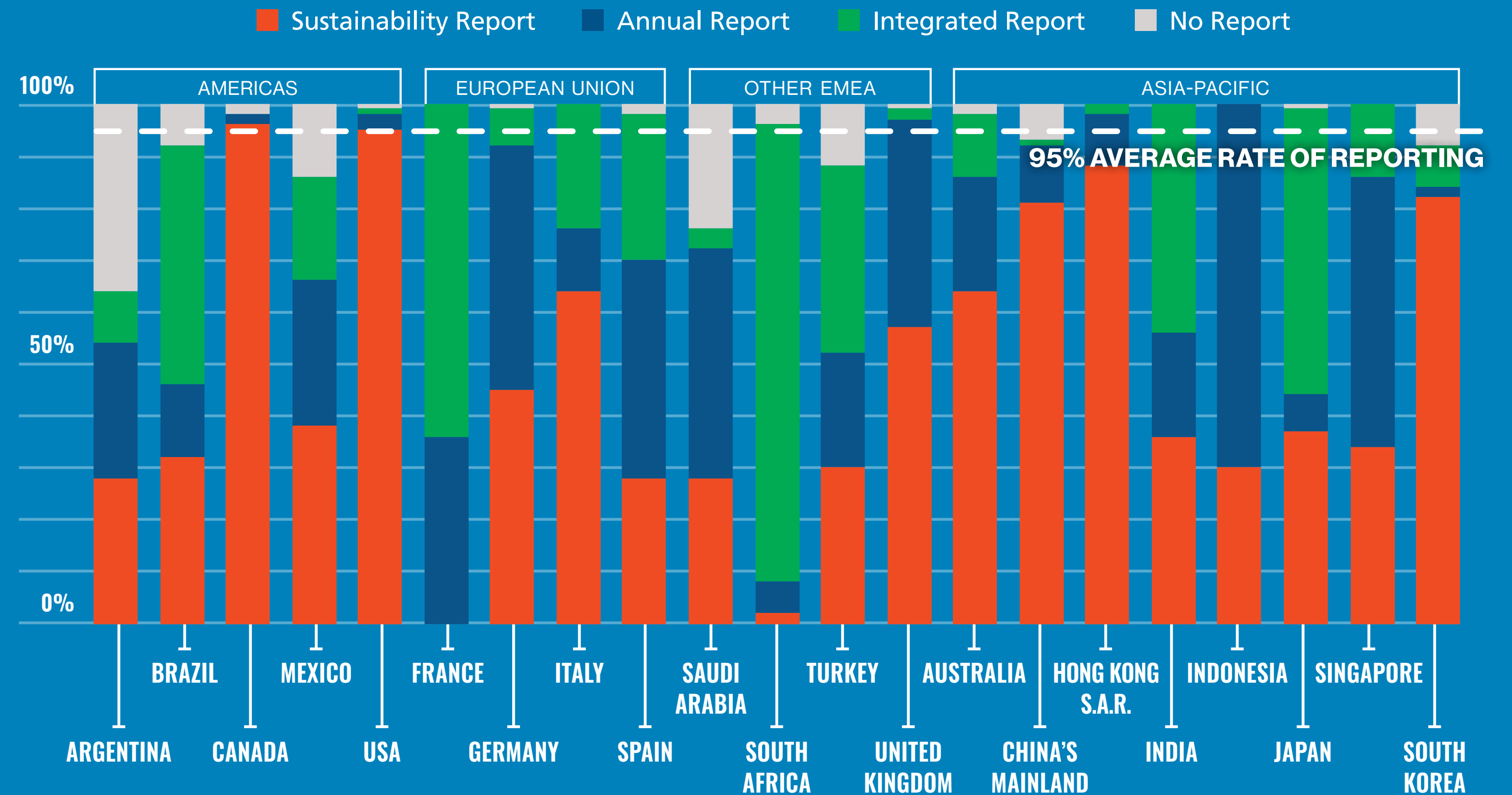
CHANGES IN WHERE COMPANIES REPORTED ON ESG

Over the three year period, fewer companies relied on stand-alone sustainability reports while use of integrated and annual reports for ESG disclosures increased.

Use of Integrated Reports surged in France from 2020 to 2021 (up 44%). 30 of the 50 companies reviewed included ESG information in a report consistent with the Integrated Reporting Framework.

Globally, the number of reporting companies has steadily increased.

In Saudi Arabia, reporting on ESG increased 24% in 2021, primarily in annual reports.



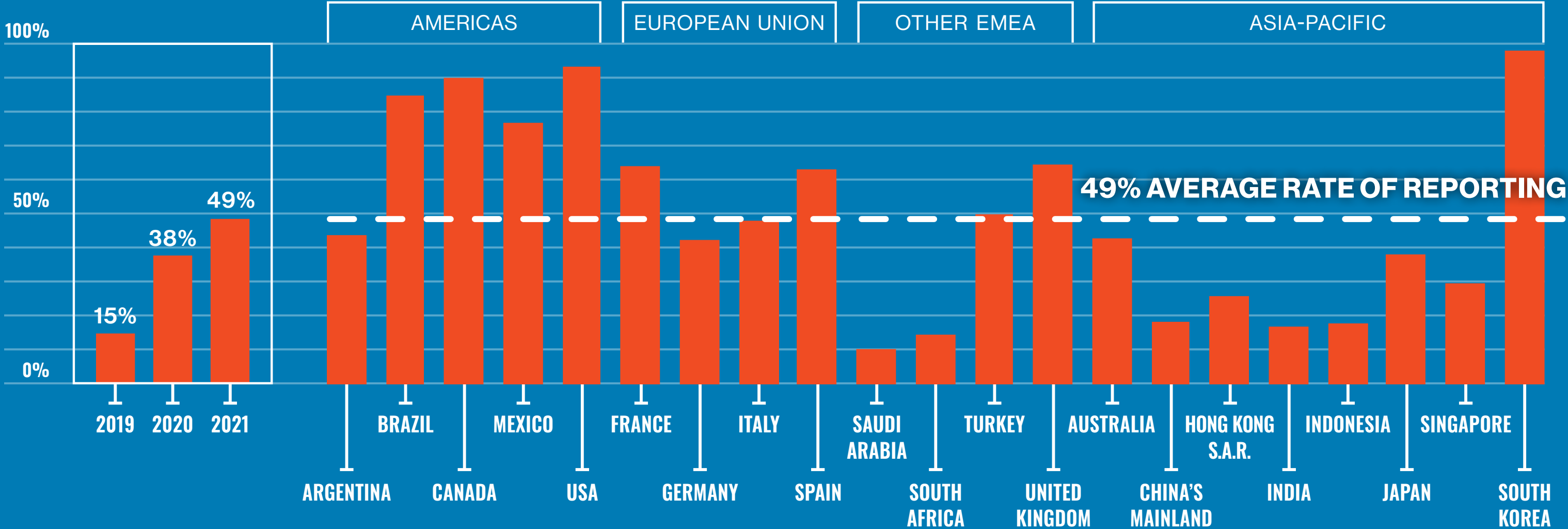
STANDARDS AND FRAMEWORKS

Usage of SASB Standards and the TCFD Framework has increased significantly between 2019 and 2021—albeit not to the same extent across all jurisdictions.

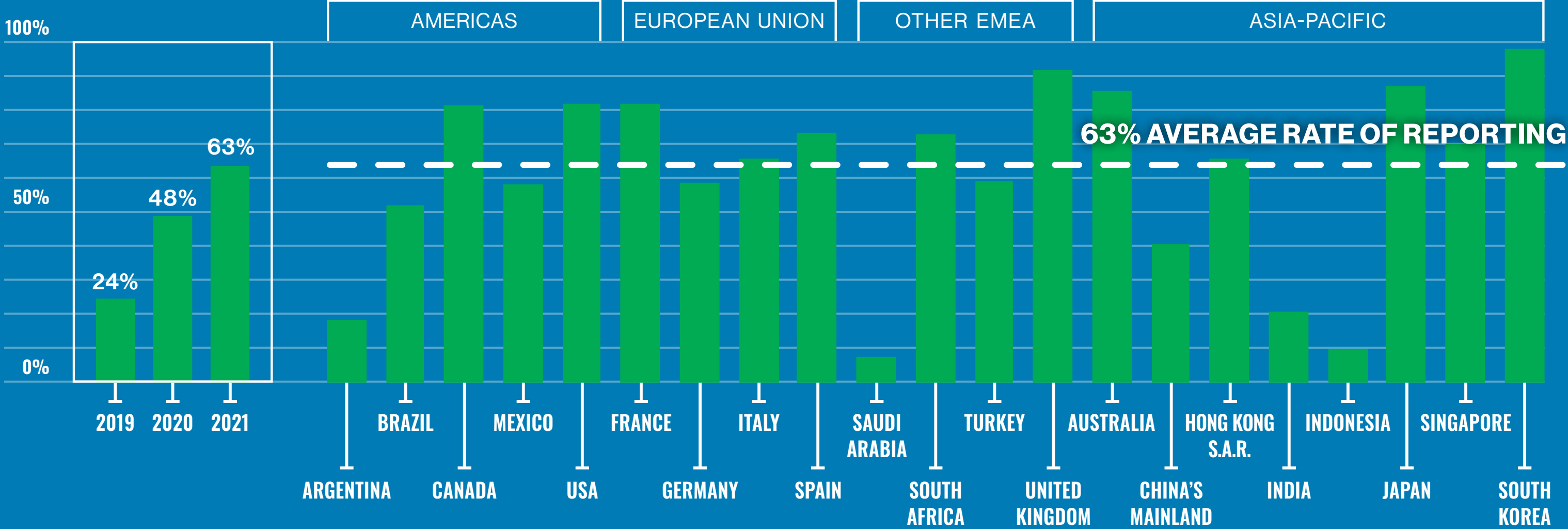
Companies in the Americas and Europe have steadily adopted while companies in the Middle East, and parts of Asia have lagged.

The percentage of ESG reporting framework/standard is calculated as the number of reports that disclose the use of a specific framework/standard vs. the total number of reports that include ESG information (1283).

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



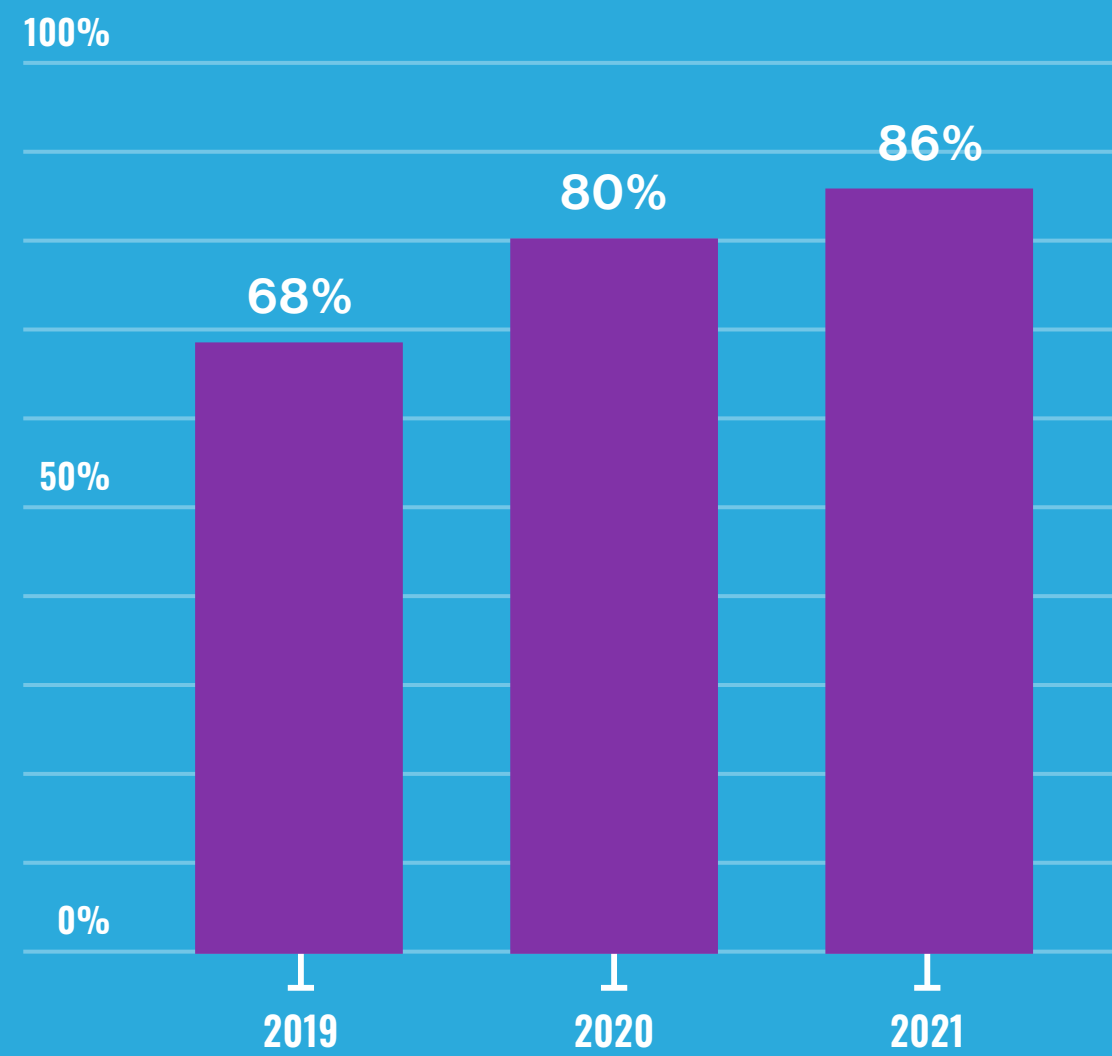
TCFD Framework – Jurisdictional reference or use of TCFD Framework during 2021



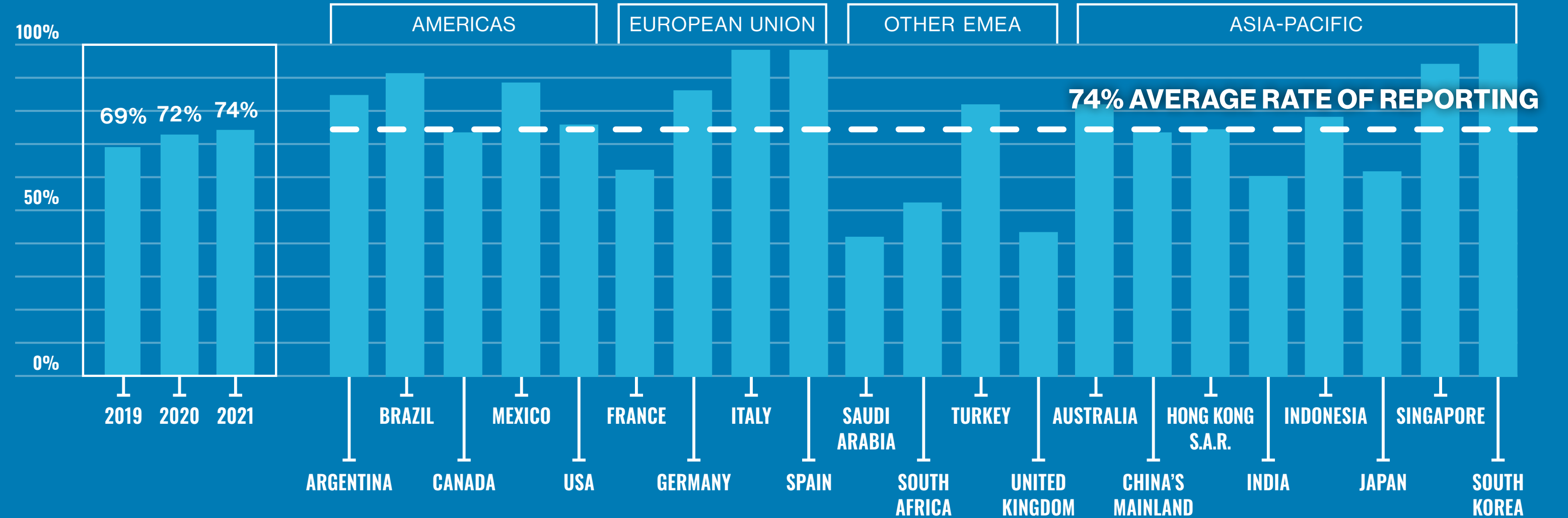
STANDARDS AND FRAMEWORKS

86% of companies now use / reference more than one reporting standard or framework.

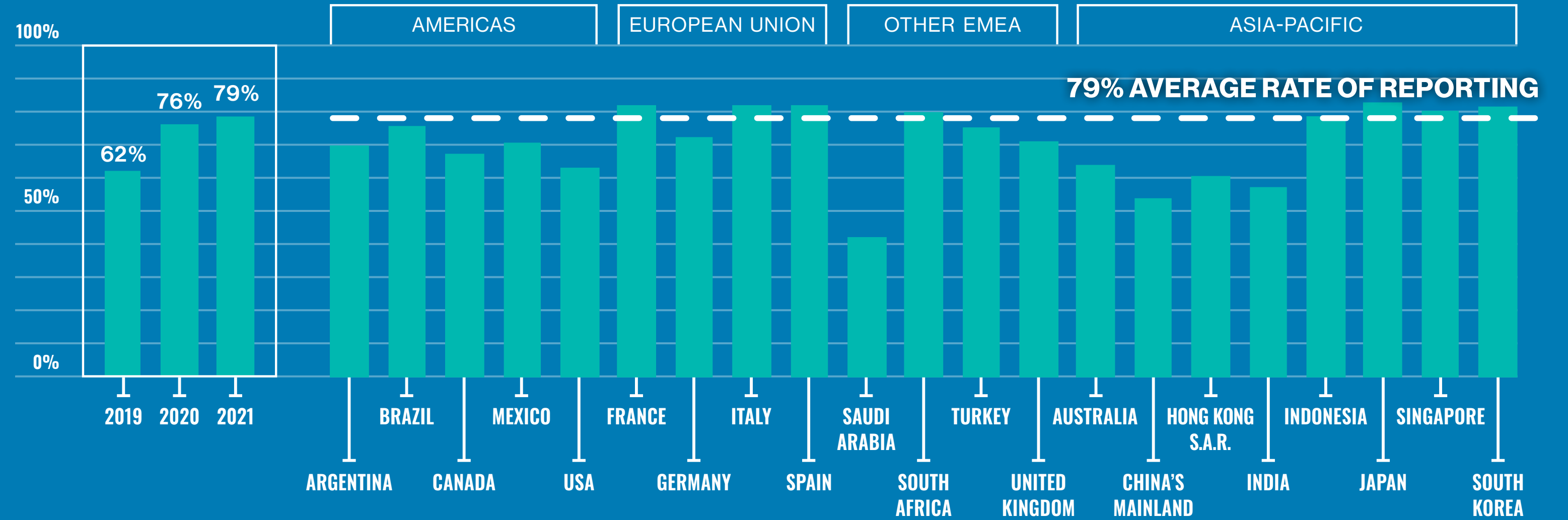
Multiple Standards



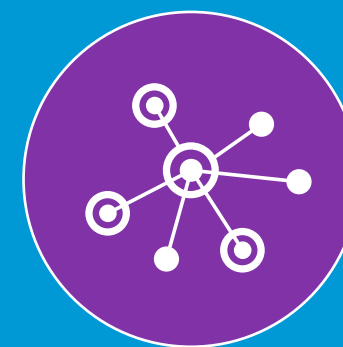
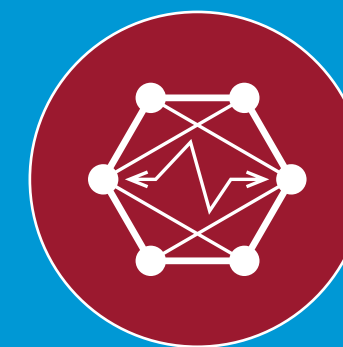
GRI Standards – Jurisdictional reference or use of GRI Standards during 2021



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



FORWARD-LOOKING DISCLOSURE



SETTING AND GETTING TO CLIMATE REDUCTION GOALS

Carbon neutral or net zero?

The terms "carbon neutral" and "net zero" are often used interchangeably - leading to inconsistencies in what stakeholders understand about what is or is not included in an entity's emissions reduction target. This report highlights targets intended to achieve zero emissions (i.e., identified by the green sections of the graph).

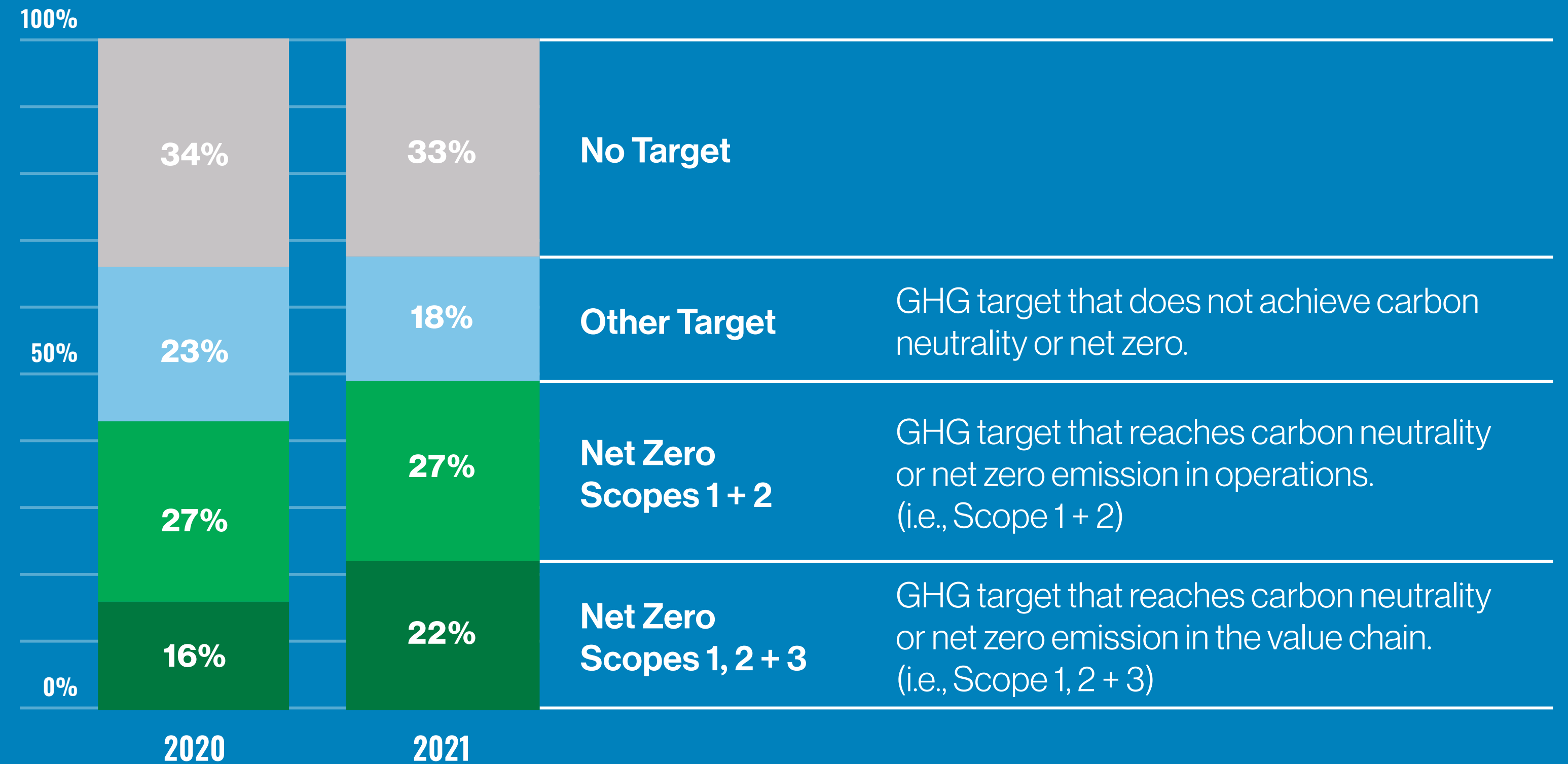
Scope 3 disclosures vary. Companies may include all 15 categories from the GHG Protocol standards, only material categories, or only select categories of Scope 3 emissions. A detailed analysis of Scope 3 emissions was not included in this analysis.



[Click to view Net Zero report](#)

2021 is based on 1,350 companies from 21 jurisdictions.
2020 is based on 600 companies from 15 jurisdictions.

67% of companies reviewed in 2021 disclosed emissions reduction targets



SETTING NET ZERO REDUCTION TARGETS

There is little regional variance in setting emissions reduction goals other than a slightly higher rate, 58%, of net zero targets - either Scopes 1 + 2 or Scopes 1, 2 + 3 - in the European Union.

However, companies in G7 jurisdictions were more likely to disclose net zero targets.

- 68% disclosed a net zero target compared to 40% from non-G7 jurisdictions.

Political and societal mandates, and other market incentives, may play a role in the level of voluntary disclosure observed by the largest companies in the G7 jurisdictions .

58% ---
EU

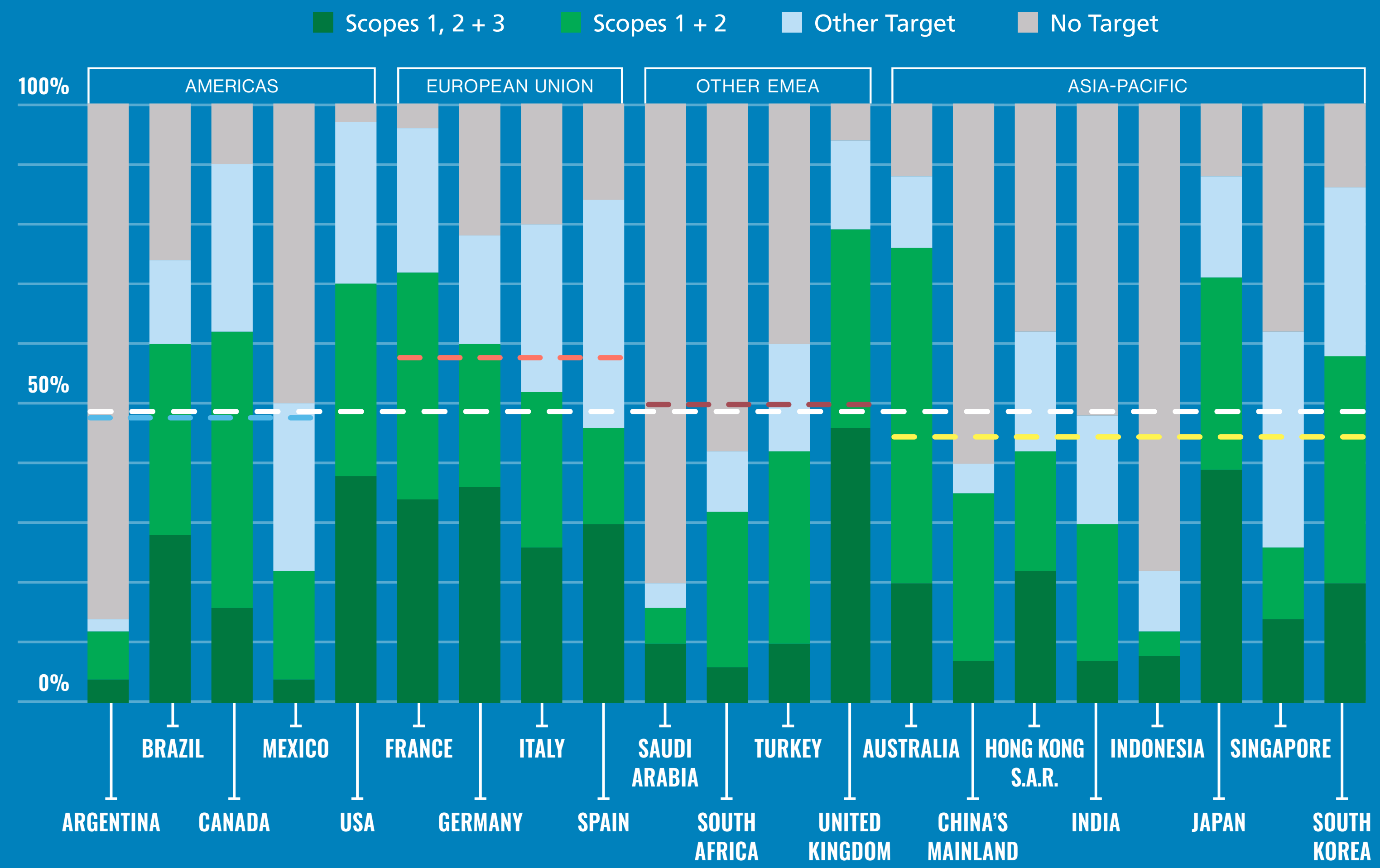
50% ---
EMEA

49% ---
Overall

49% ---
AM

44% ---
AP

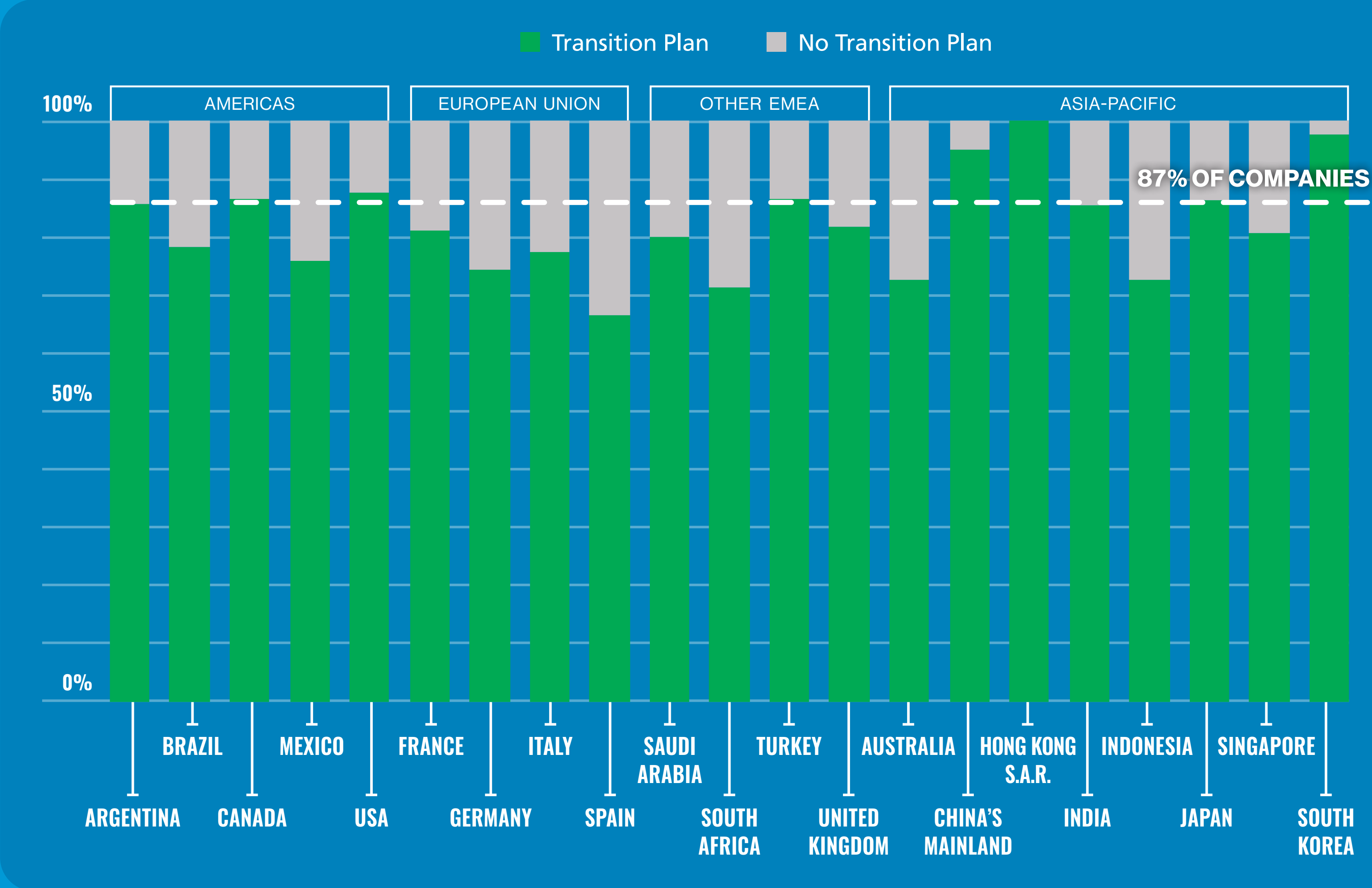
49% of companies reviewed in 2021 set a net zero emissions reduction target



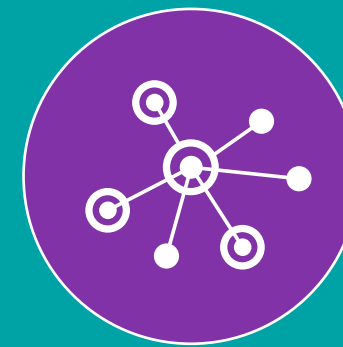
CREATING EMISSIONS REDUCTION PLANS

87% of companies reviewed in 2021 with an emissions target also provide information about how they plan to reach the target.

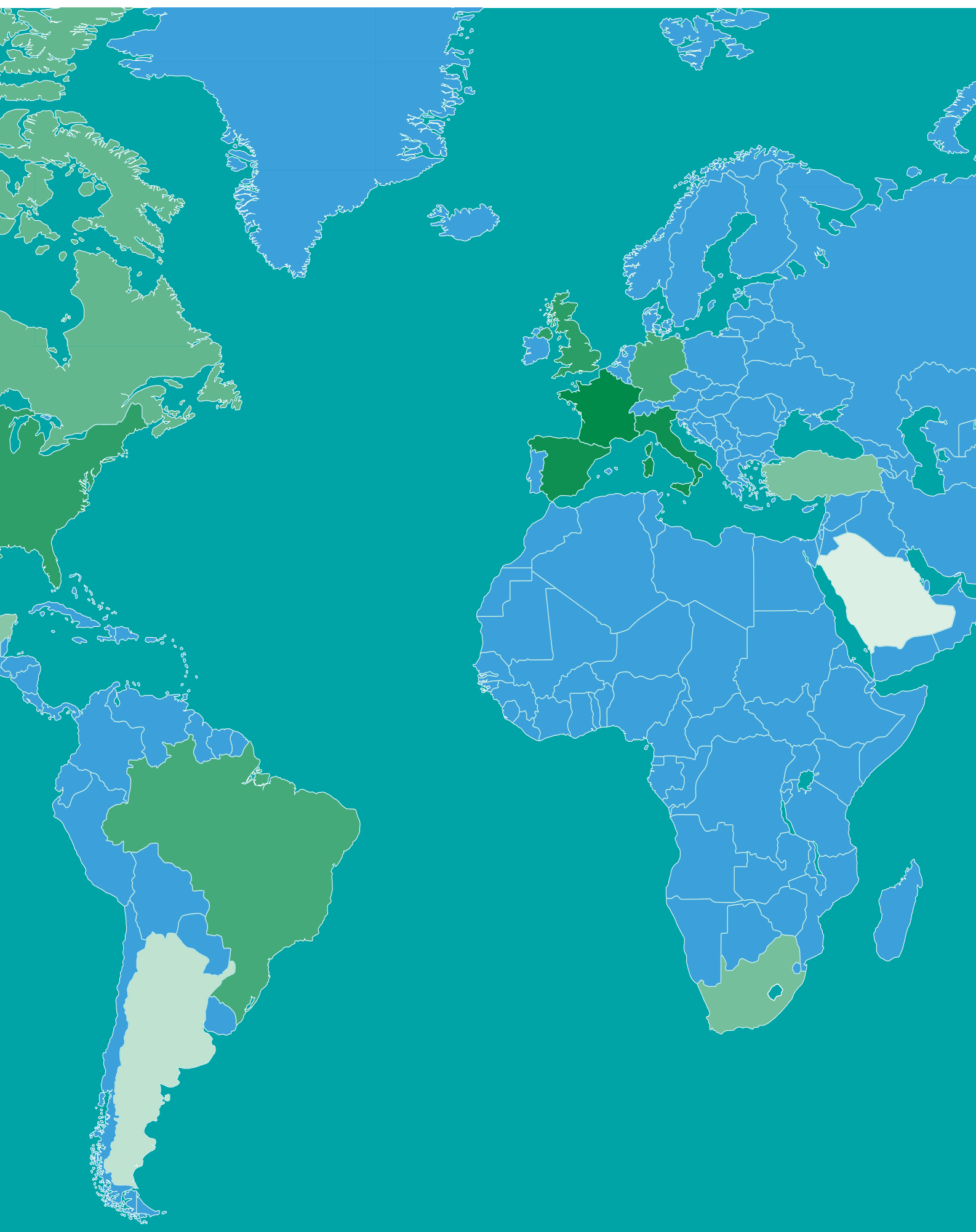
However, companies may state their goal is "net zero by 2050" or "operationally neutral by 2050" without specific detail about how the stated plan will achieve the goal.



ASSURANCE

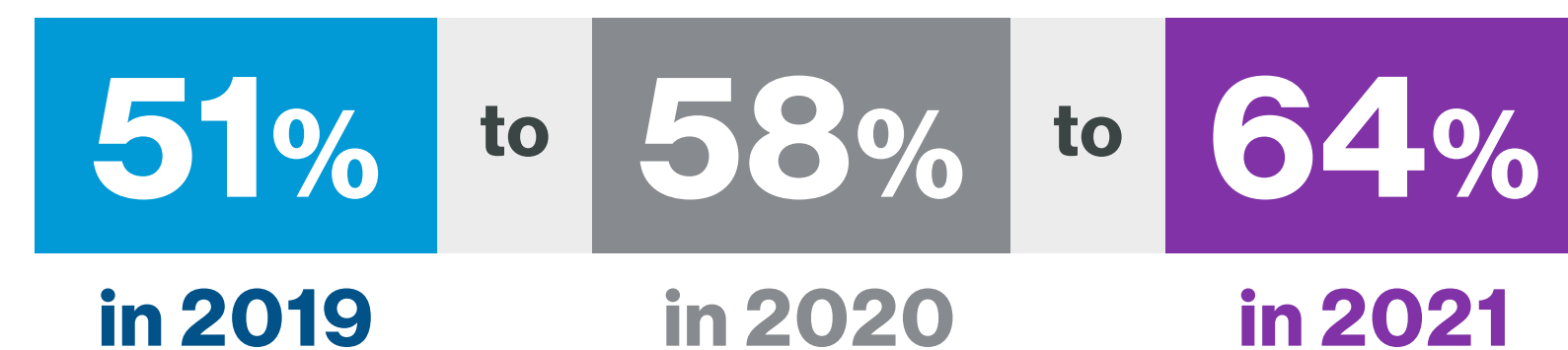


SUMMARY CHANGES: ASSURANCE



ASSURED ESG INFORMATION.

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



The six jurisdictions with the largest 3-year increases are Hong Kong S.A.R., Italy, Japan, Singapore, Turkey, and the United Kingdom, while Hong Kong S.A.R., Japan, and the U.K. posted the largest single-year increases in 2021.

WHO PROVIDES ASSURANCE.



Of engagements (i.e., 516 of 913 assurance reports from 818 companies) were conducted by audit firms in 2021



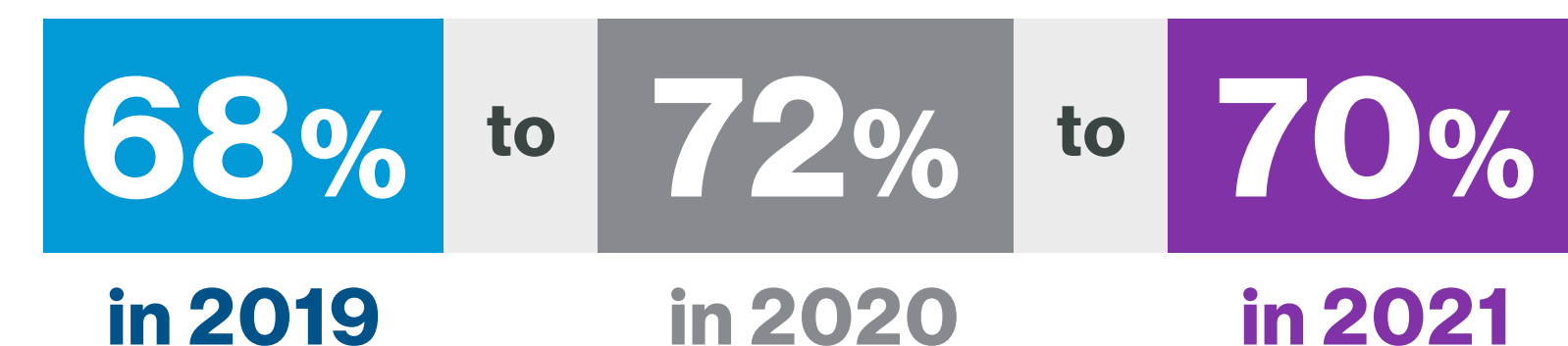
Of engagements (i.e., 505 of 833 assurance reports from 741 companies) were conducted by audit firms in 2020



Of engagements (i.e., 445 of 704 assurance reports from 645 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) remained the most widely used standard for ESG assurance engagements:



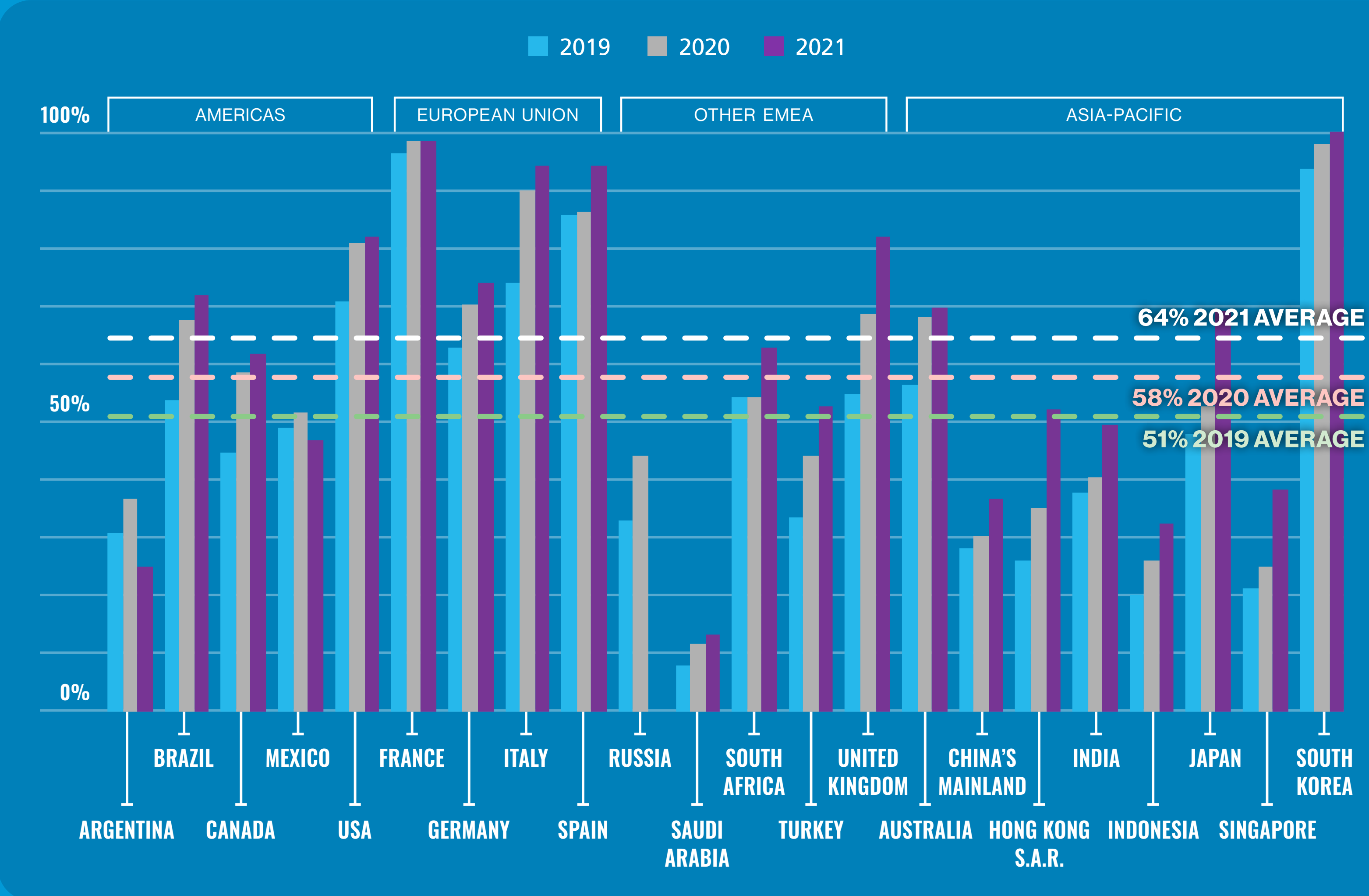
95% of firms* (or their affiliates) used ISAE 3000 (Revised), while non-IAASB standards were most commonly used by the other services providers (i.e., only 38% used ISAE 3000) during 2021.

* Including national assurance standards—such as the AICPA's attestation standards—that are at least as robust as ISAE 3000 (Revised), Firms applied ISAE 3000 (Revised), or corresponding national standards, 99% in 2021.

RATE OF ASSURANCE BY JURISDICTION

64% OF THE COMPANIES THAT DISCLOSED ESG DATA OBTAINED ASSURANCE IN 2021.

The percentage of assurance is based on the number of companies that obtained assurance over reported ESG information (818) vs. the total number of companies that reported ESG information (1,283). If a company obtained more than one assurance report (i.e., 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.



TYPE OF FIRM PROVIDING ASSURANCE BY JURISDICTION

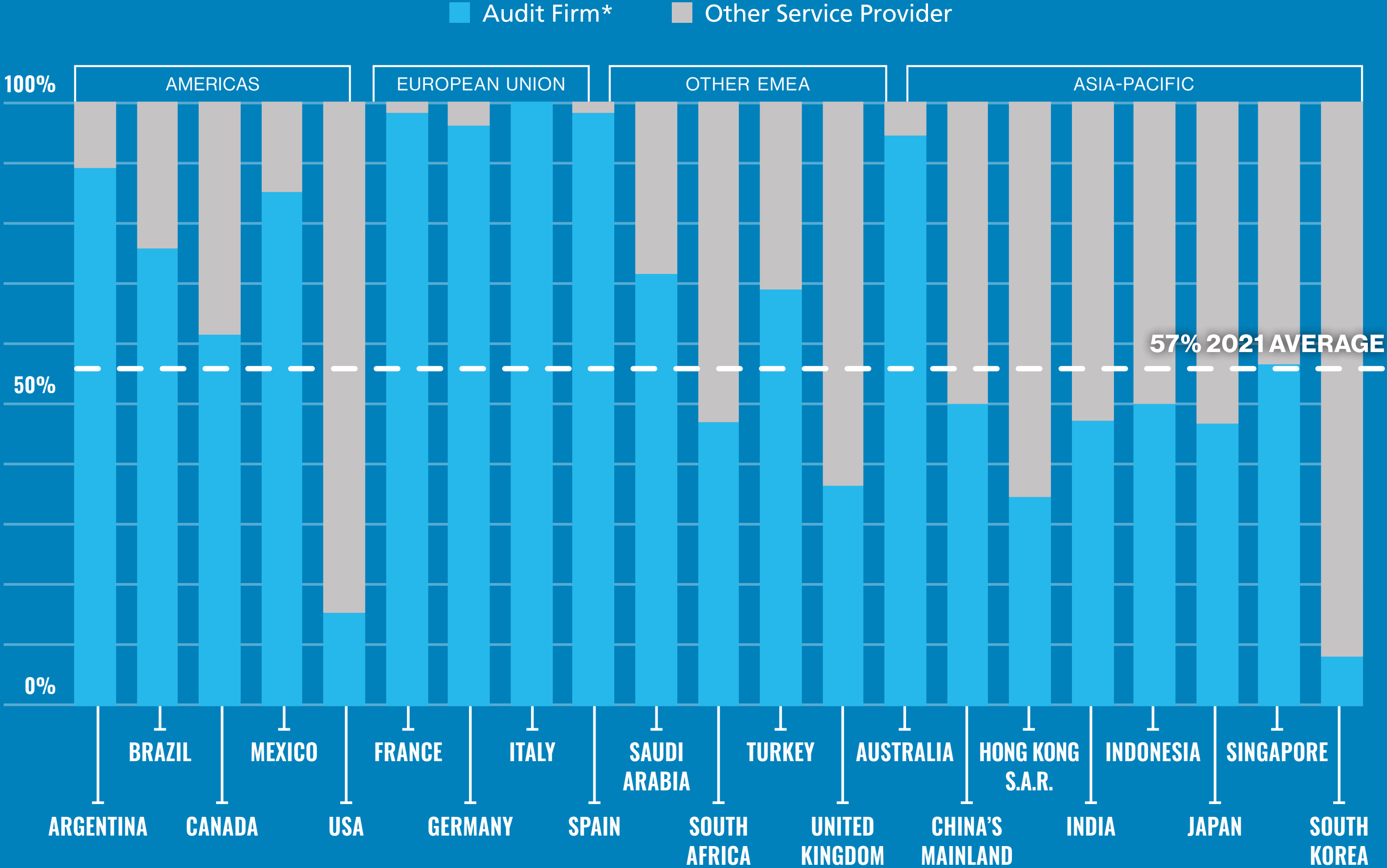
Largest Audit Firm Market Share (2019-2021):

Increase		Decrease	
Indonesia	17%	South Africa	20%
Hong Kong, S.A.R.	11%	United Kingdom	17%
Mexico	11%	India	16%
		Japan	16%

The number of assurance engagements performed by firms continues to grow (516 in 2021 from 505 in 2020), but firm market share continues to decline (57% from 61%). In 2021, other service providers (OSPs) had a majority market share in seven jurisdictions (Hong Kong S.A.R., India, Japan, South Africa, South Korea, the U.K., and the U.S.).

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

On average, 57% of assurance in 2021 was performed by audit firms



*An Affiliated Firm is an independent entity that is associated with a specific audit firm (typically the local audit firm member of a global network). Audit firms and their affiliates have been combined in the data above.

LOCATION AND LEVEL OF ASSURANCE

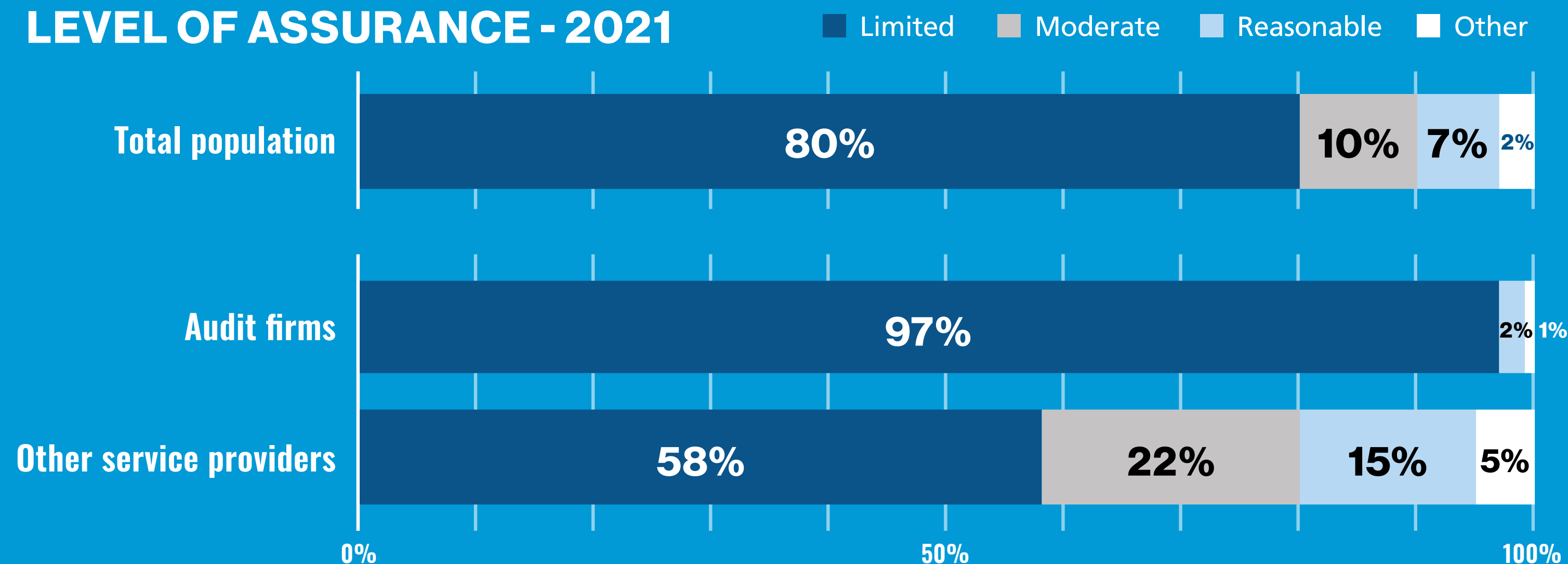
97% of audit firm-related engagements resulted in limited assurance reports. In contrast, 58% of engagements conducted by other service providers resulted in limited assurance.

- Higher rates of assurance from other service providers (OSPs) in Asia-Pacific resulted in more moderate and reasonable assurance.

Assurance rates are increasing across all report types.

- Many jurisdictions that have high rates of integrated reporting also have high rates of assurance—e.g. the assurance rate is 98% in France and 72% in Brazil in 2021.

LEVEL OF ASSURANCE - 2021



ASSURANCE RATE BY REPORT TYPE

Report Type	2019	2020	2021
Sustainability Report	52%	57%	65%
Annual Report	35%	45%	50%
Integrated Report	64%	70%	77%

ASSURED ESG INFORMATION BY REPORTING FRAMEWORK OR STANDARD

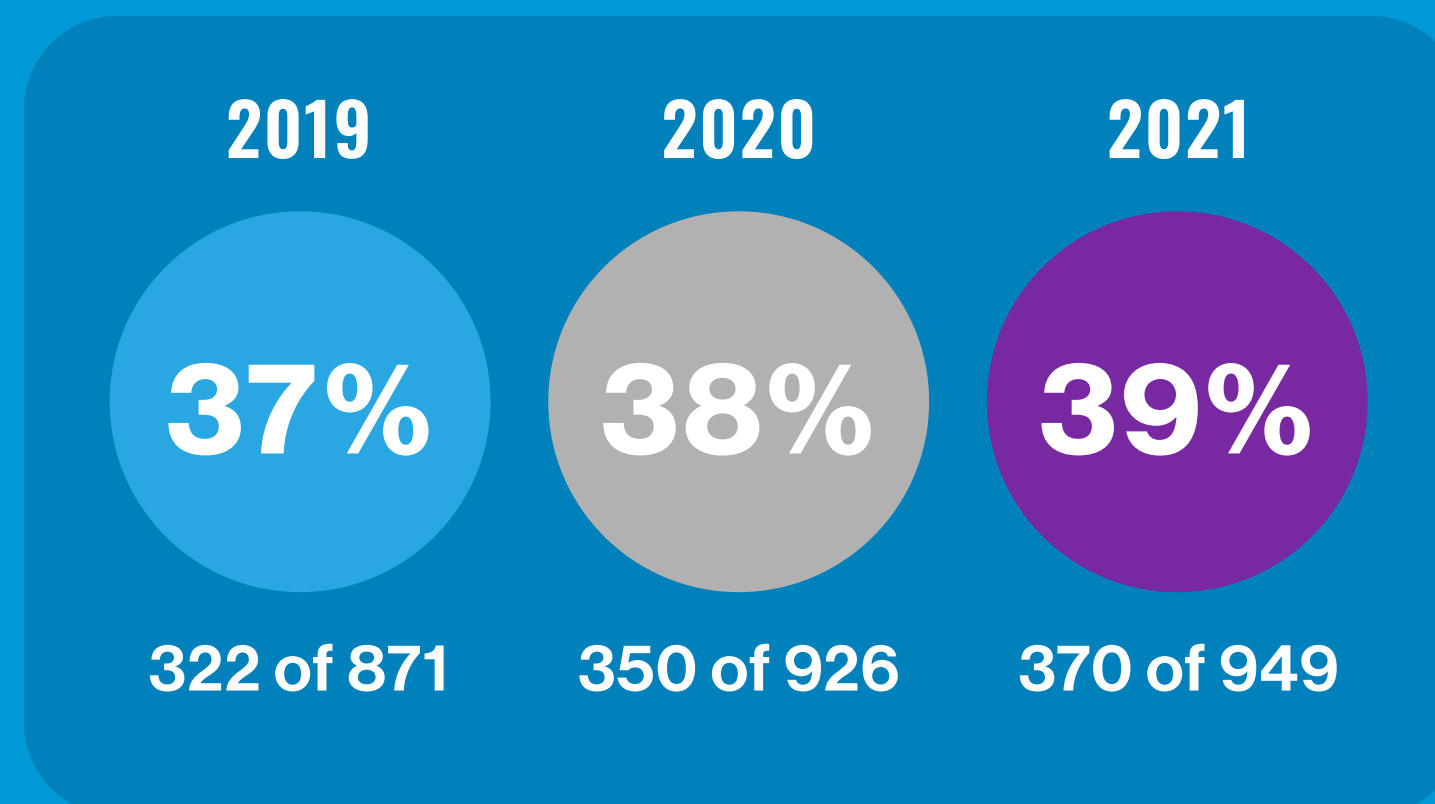
Information disclosed in accordance with GRI Standards is assured more often than any other reporting framework or standard.

While the SDGs are the most commonly cited reporting framework (79% in 2021), this information is not the subject of sustainability assurance engagements.

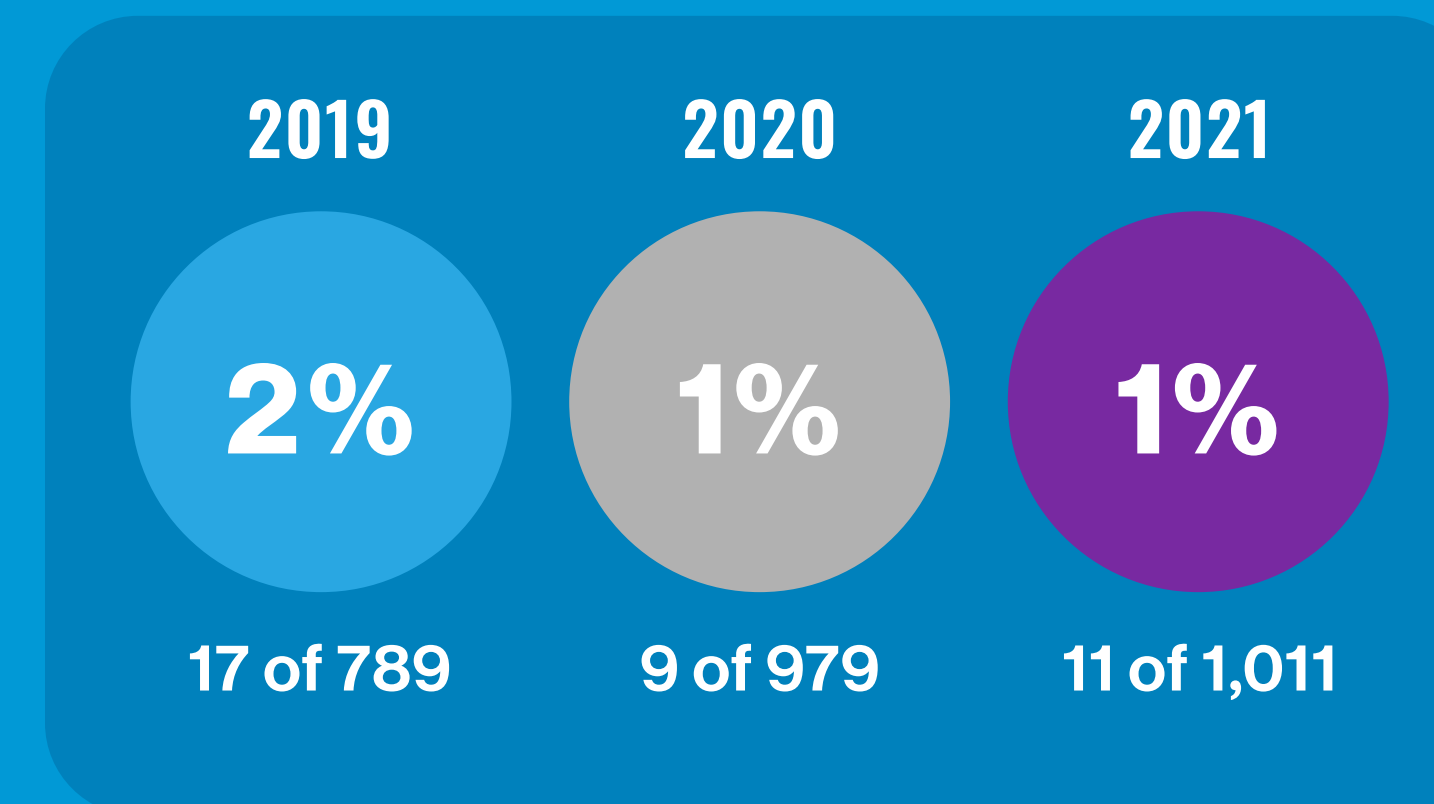
Information disclosed in accordance with the Greenhouse Gas (GHG) Protocol and jurisdictional standards in Europe are commonly the subject of assurance:

- GHG Protocol **145 assurance reports**
- EU standards **116 assurance reports**

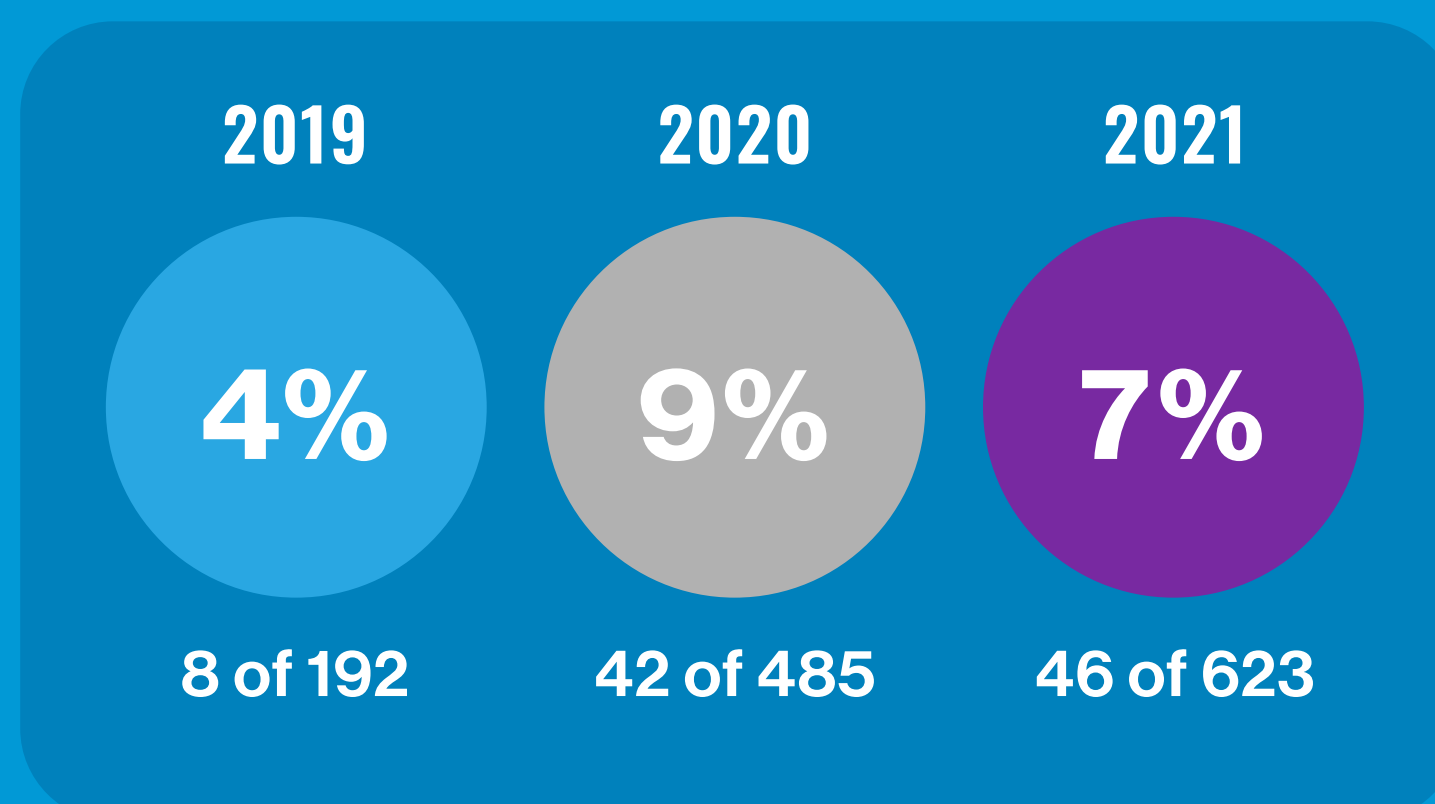
GRI



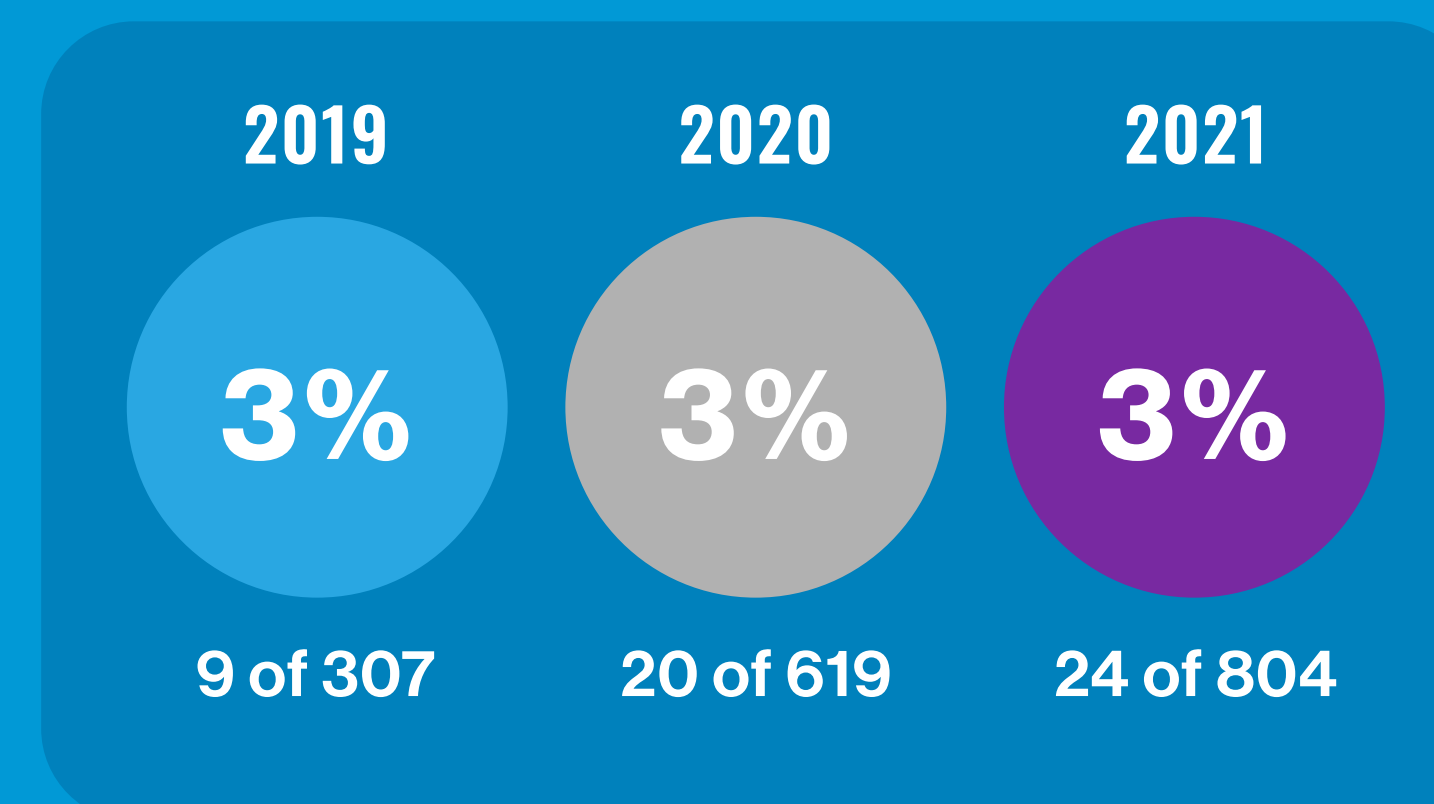
SDG



SASB



TCFD

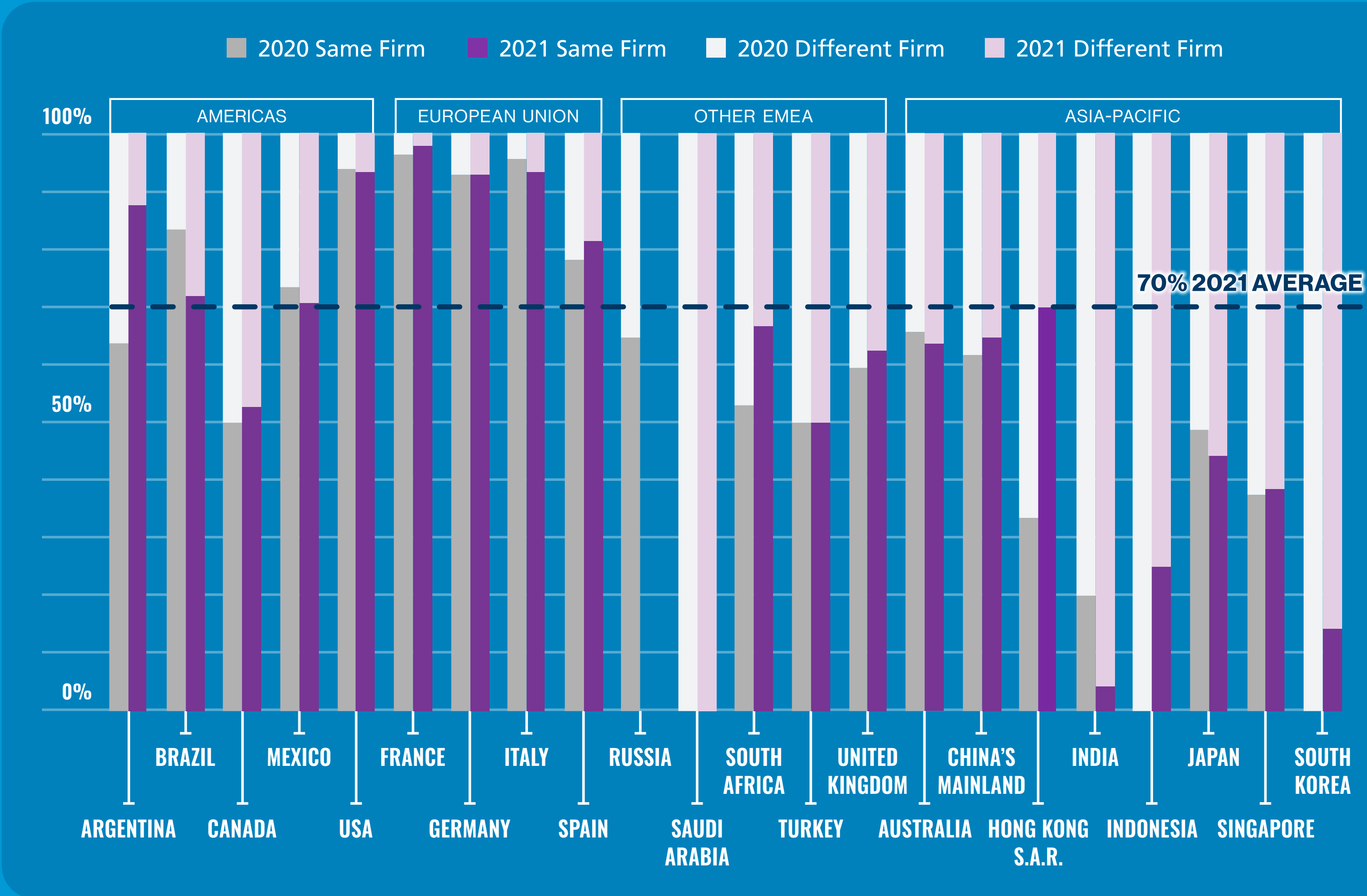


Percentages are calculated as the number of times an ESG framework/standard was referenced in an assurance report divided by the total number of times the framework/standard was referenced for ESG reporting.

STATUTORY AUDITORS VS. ESG ASSURANCE PROVIDERS

70% of 516

ESG assurance reports reviewed in 2021 provided by audit firms were from the same firm as the statutory audit provider for the same reporting entity - a slight decline from 71% of 505 in 2020.



Statutory audit firm data was only collected for 2020 and 2021.

DAYS BETWEEN STATUTORY AUDIT AND ESG ASSURANCE

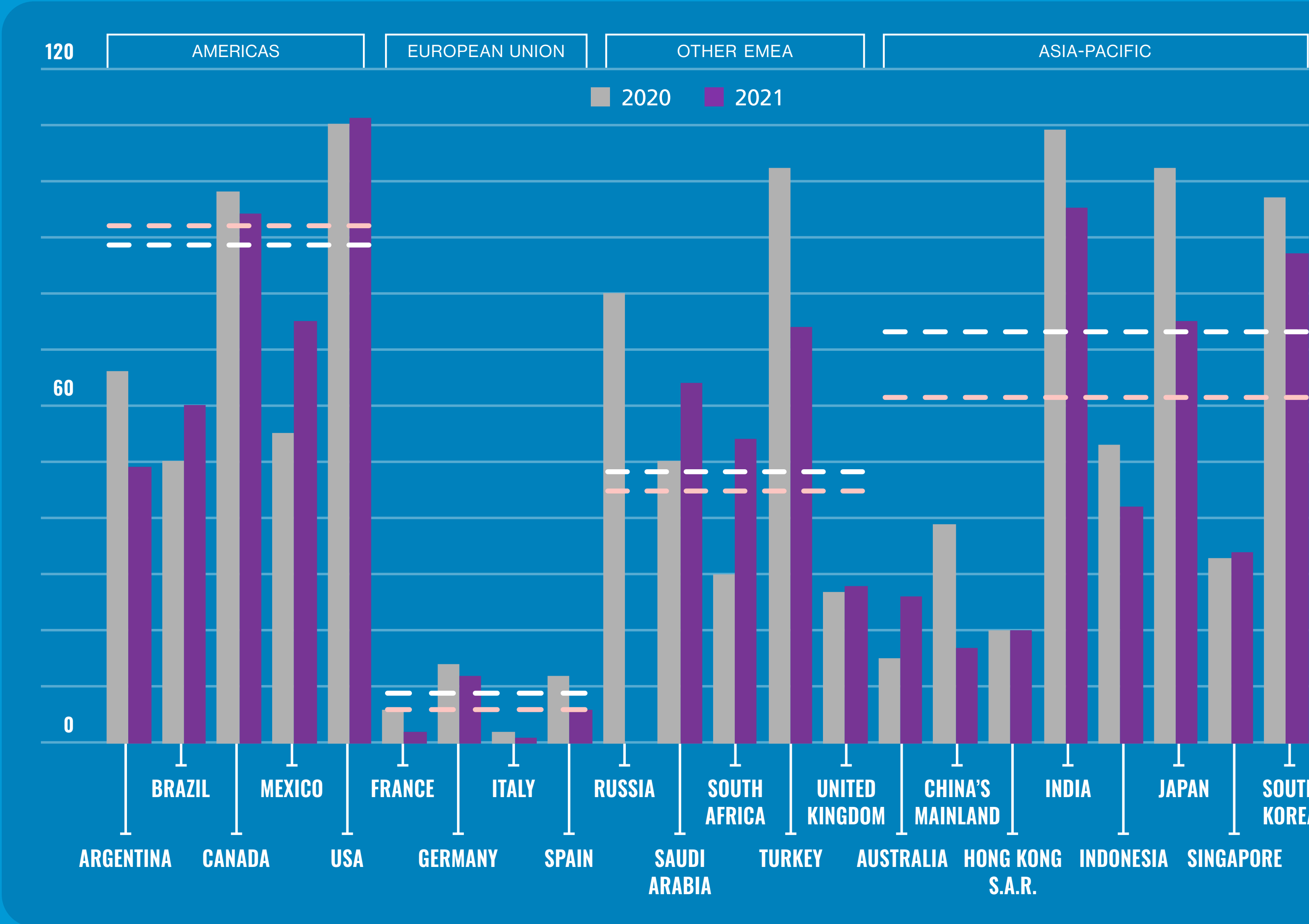
The global gap between when statutory audit reports are issued and sustainability assurance reports are issued decreased to – **51** days in 2021 from **54** days in 2020.

Asia-Pacific saw the most improvement – decreasing to **61** days in 2021 from **73** days in 2020.

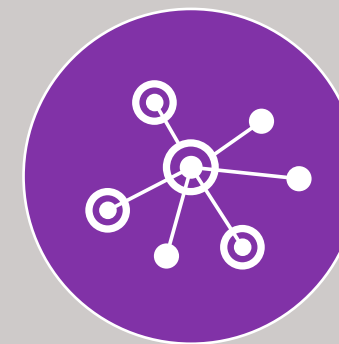
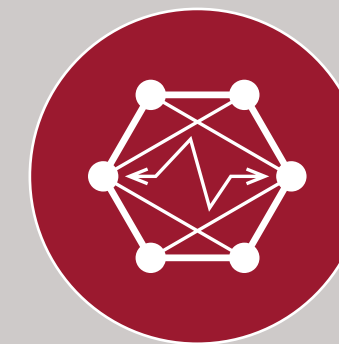
The assurance lag worsened in the Americas – increasing to **92** days in 2021 from **89** days in 2020.

--- Average 2021
 --- Average 2020

Some jurisdictions may have different deadline requirements for statutory reporting versus voluntary disclosures, which can impact the time between the date of the statutory audit report and ESG assurance report(s). Statutory audit information was only collected for 2020 and 2021.



JURISDICTION PROFILES





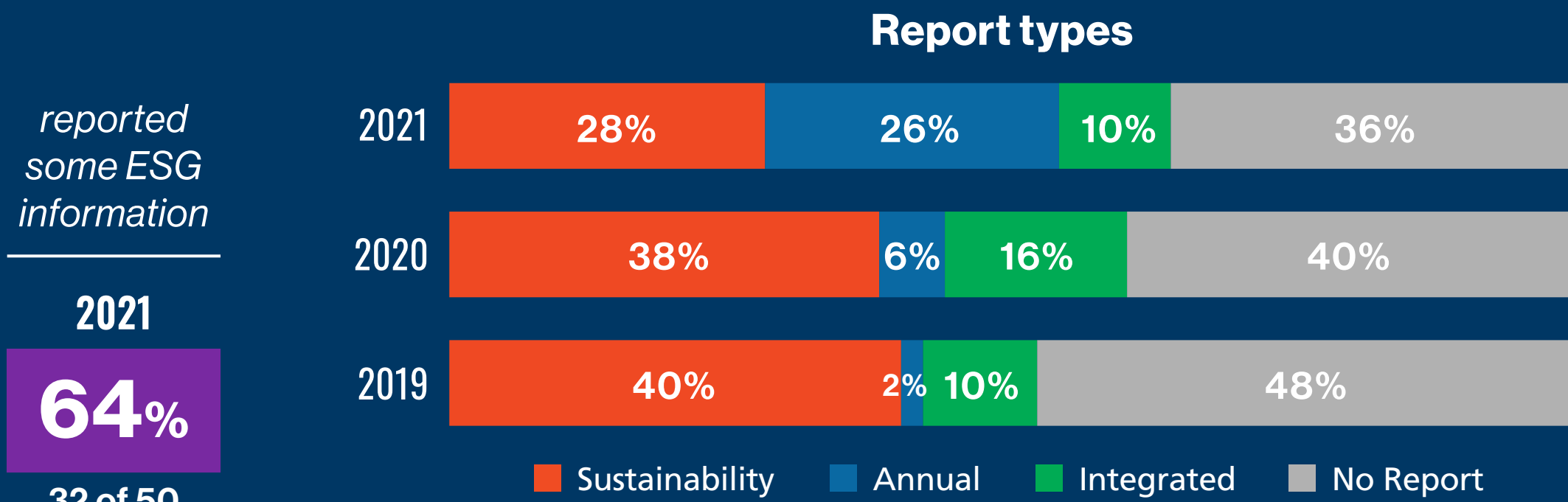
DISCLOSURE

- Lowest rate of emissions reduction targets (14%) globally

ASSURANCE

- One of two jurisdictions with a decreased assurance rate (-6%) over three years

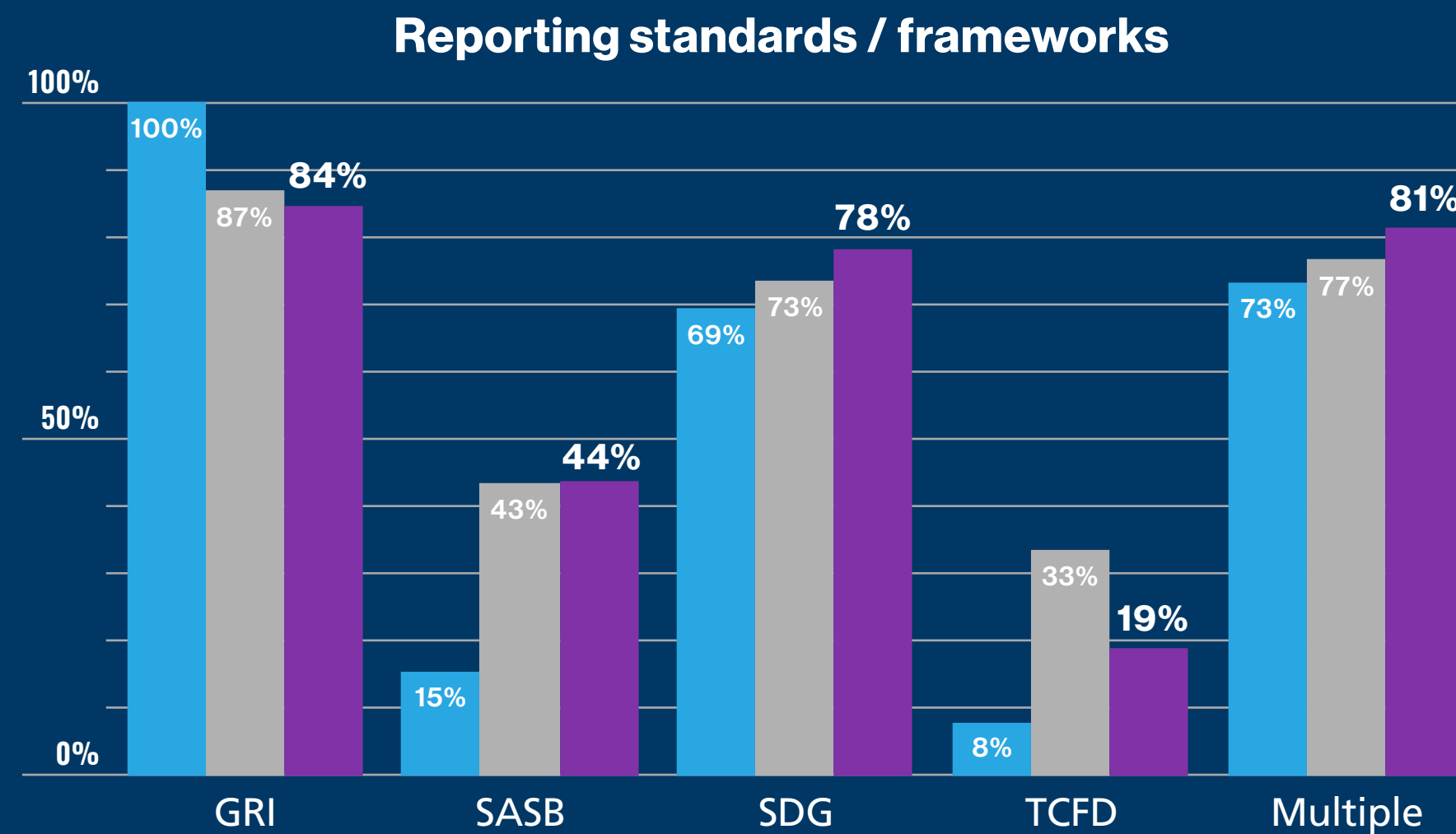
SUSTAINABILITY DISCLOSURE



2021
64%
32 of 50

2020
60%
30 of 50

2019
52%
26 of 50



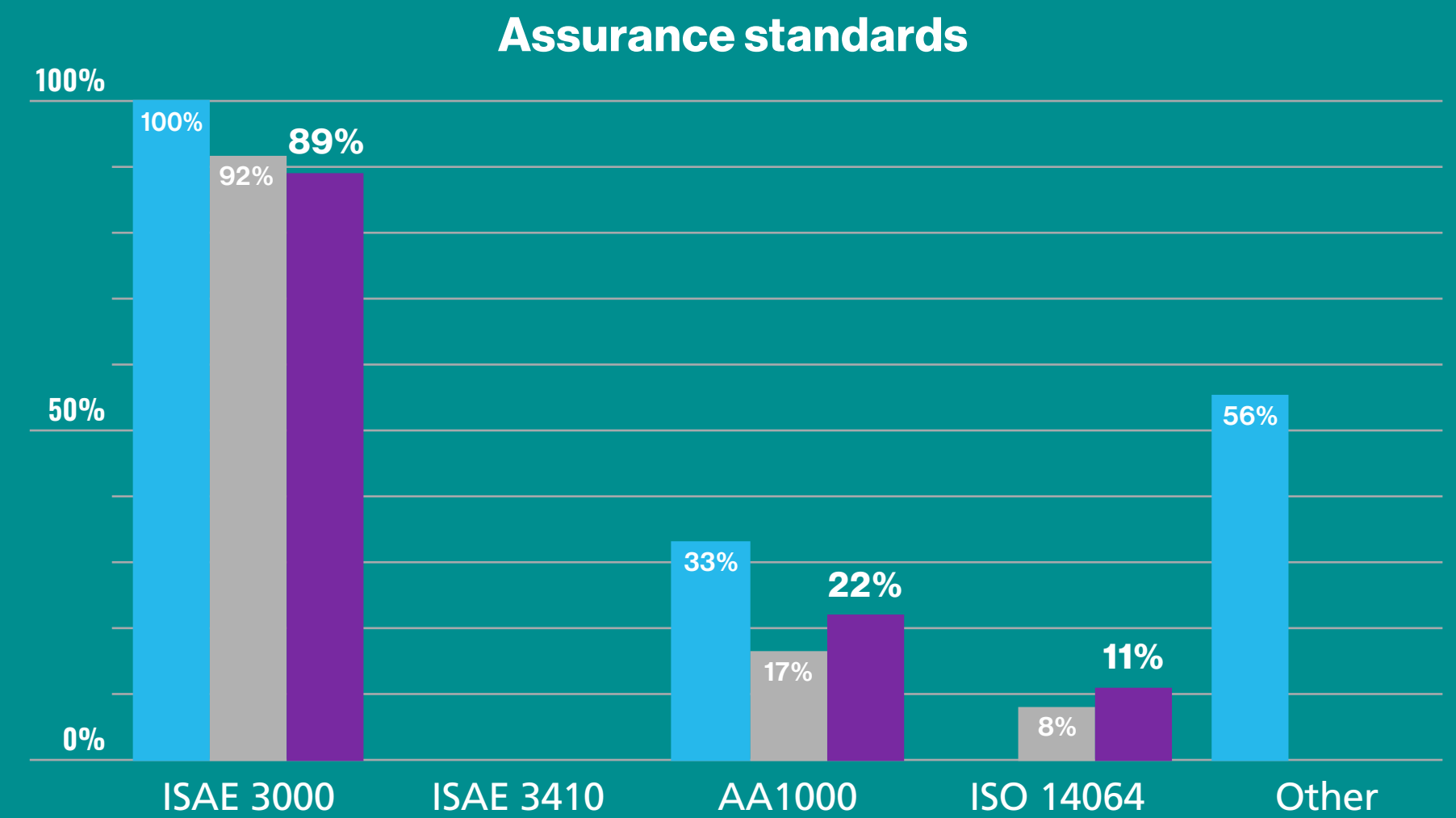
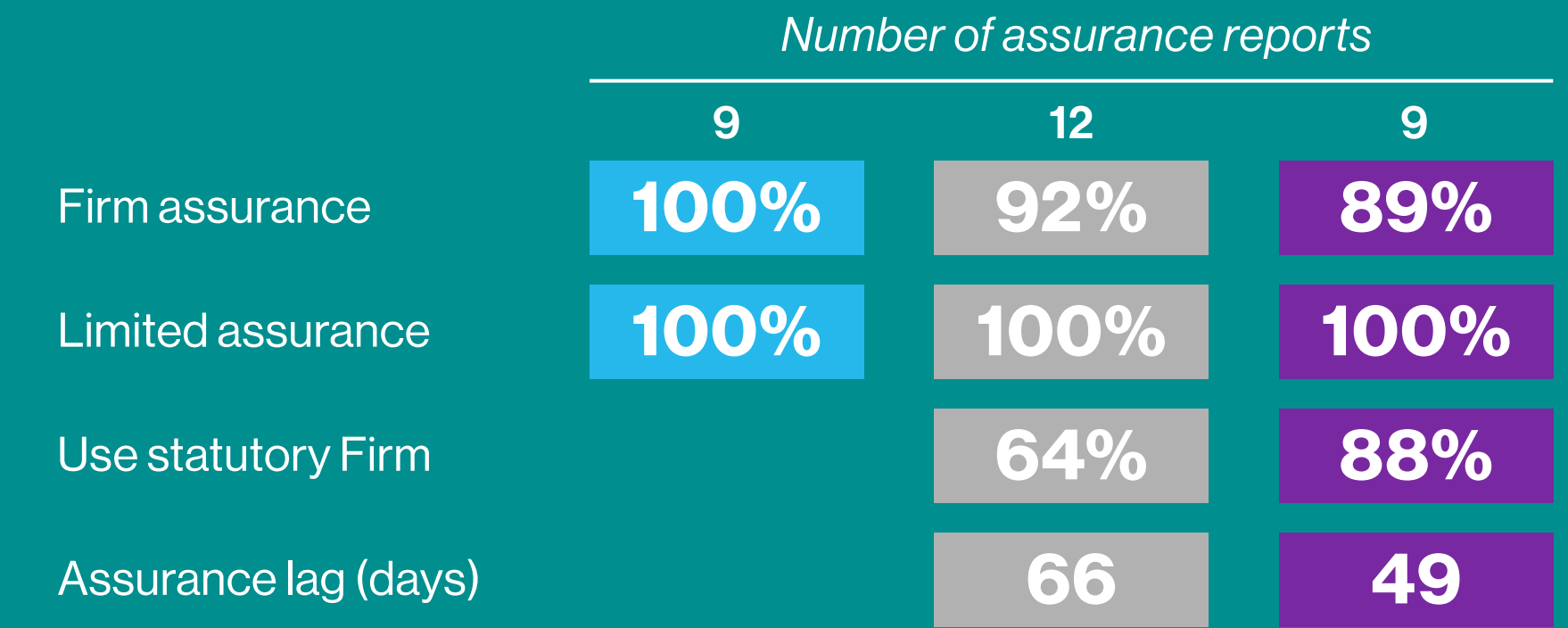
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
25%
8 of 32

2020
37%
11 of 30

2019
31%
8 of 26



* A company may have more than one assurance report



DISCLOSURE

- Second highest rate of net zero emissions targets (76%) globally

ASSURANCE

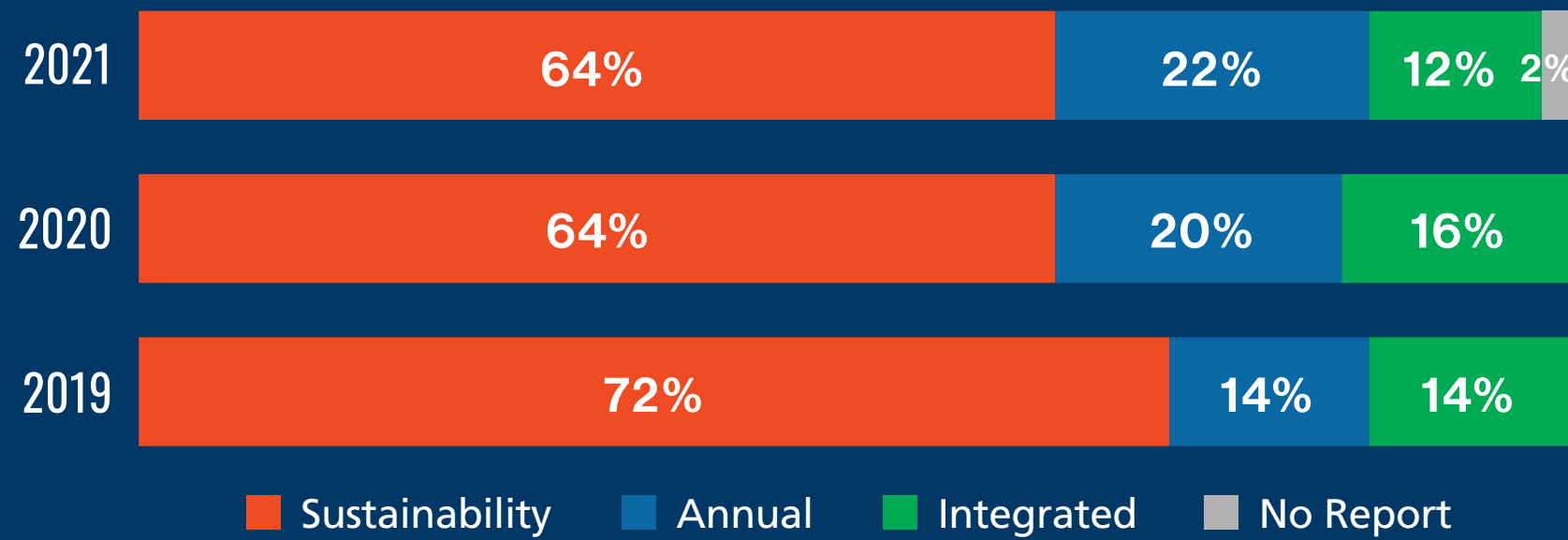
- Highest audit firm assurance market share (94%) in Asia-Pacific

SUSTAINABILITY DISCLOSURE

Report types

reported some ESG information

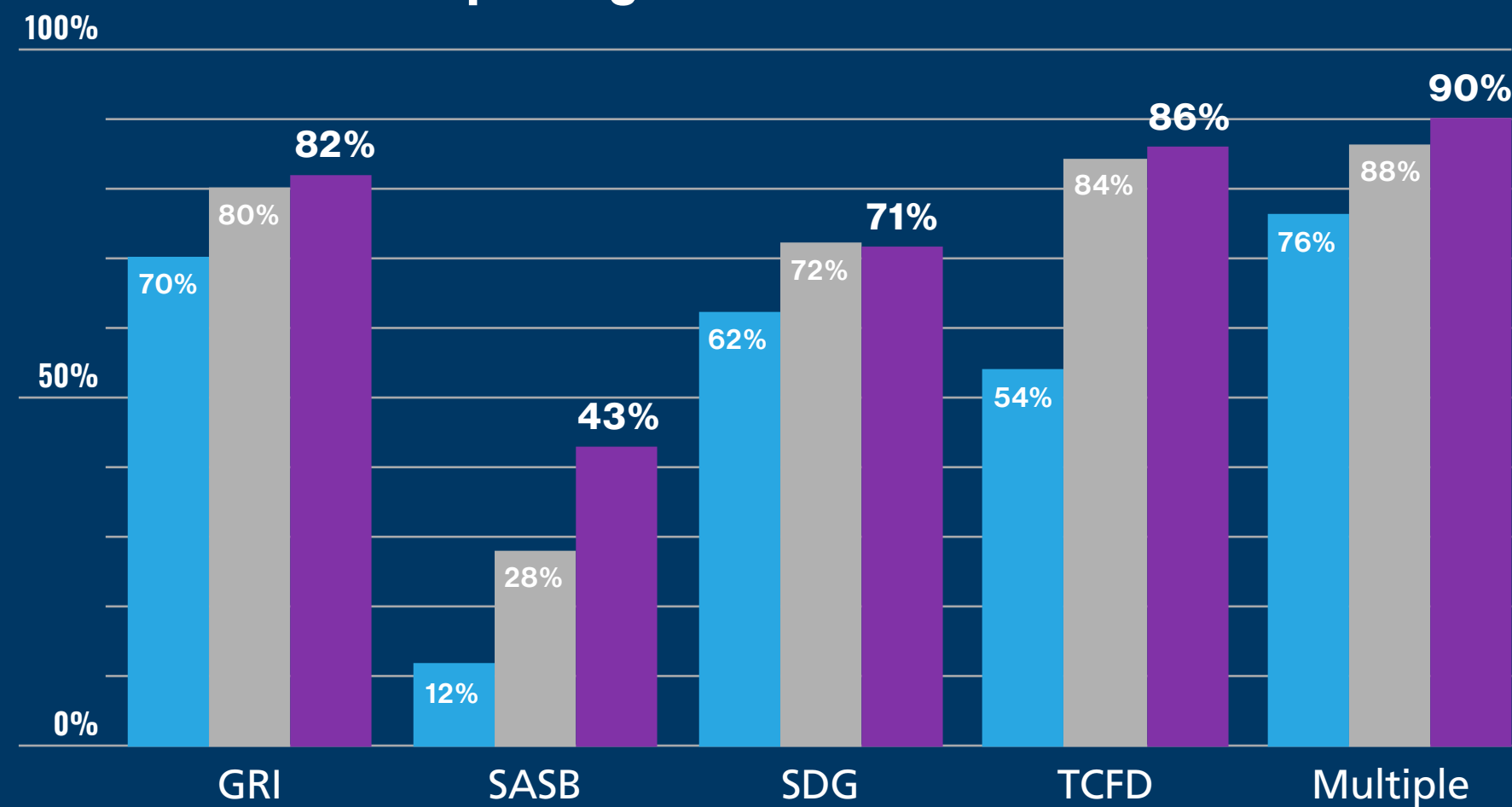
2021
98%
49 of 50



Reporting standards / frameworks

2020
100%
50 of 50

2019
100%
50 of 50



SUSTAINABILITY ASSURANCE

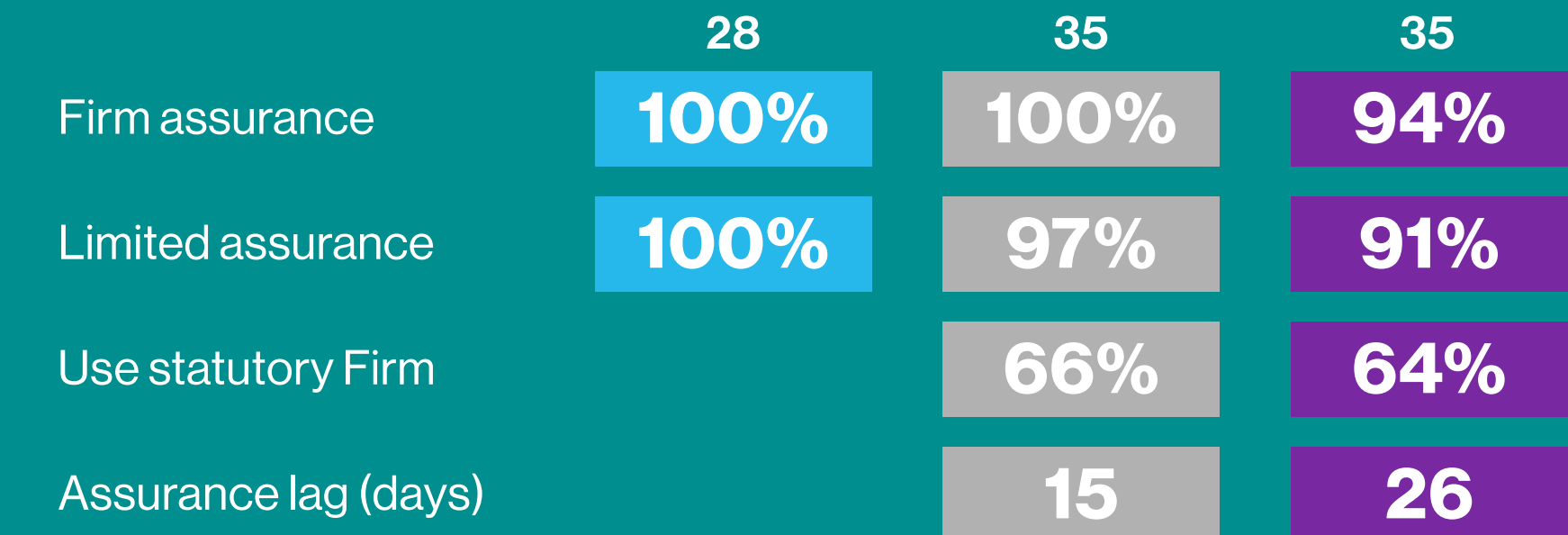
assured some ESG information

2021
69%
34 of 49

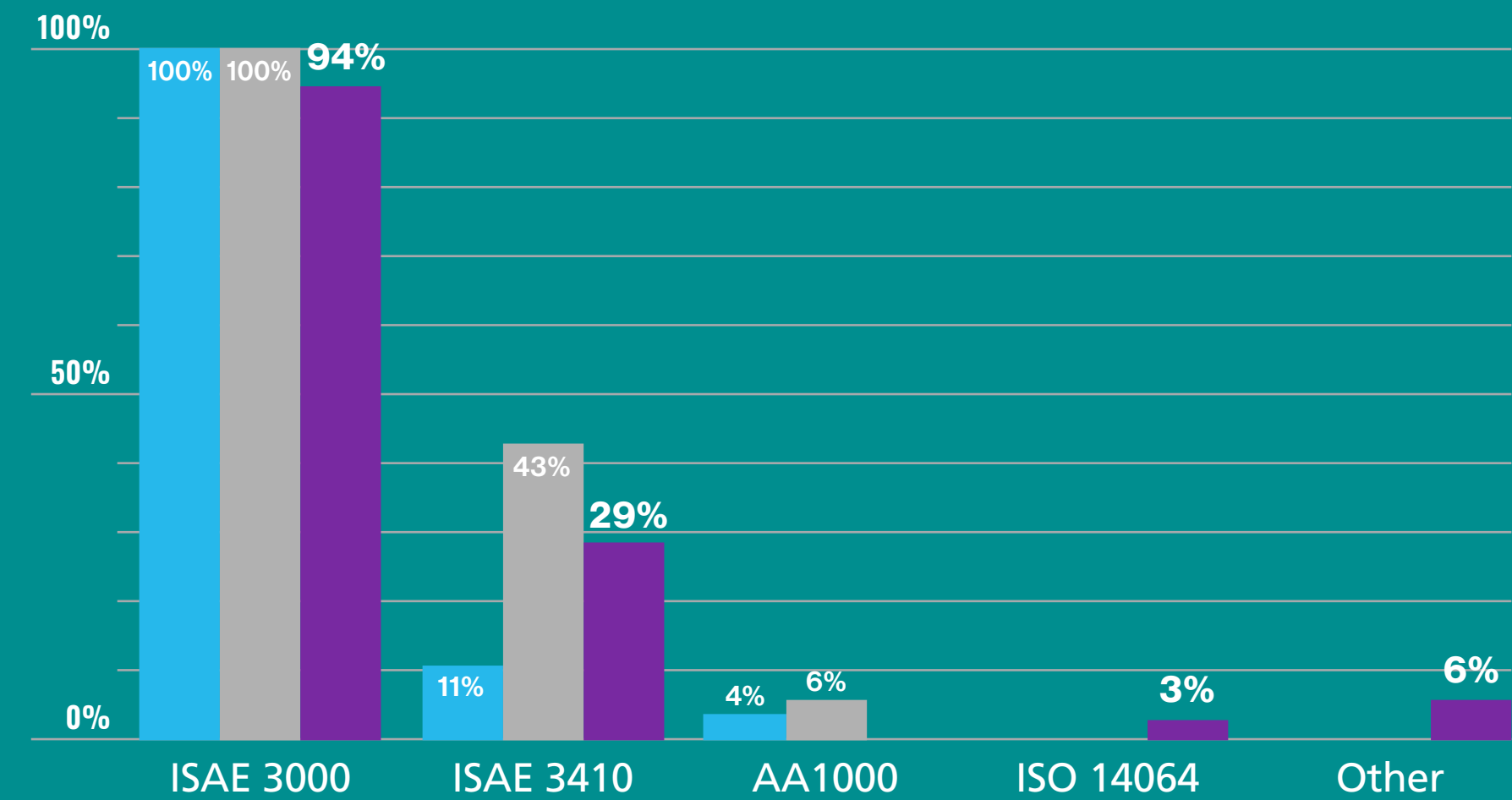
2020
68%
34 of 50

2019
56%
28 of 50

Number of assurance reports



Assurance standards



* A company may have more than one assurance report



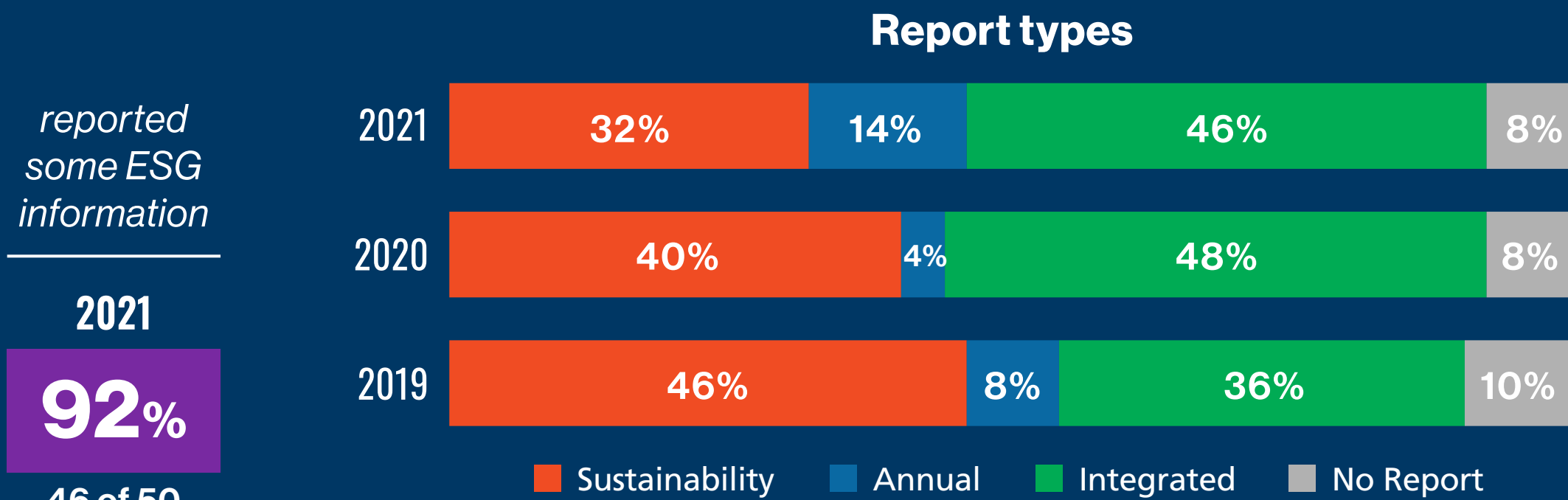
DISCLOSURE

- Highest rate of Integrated Reporting (46%) in the Americas

ASSURANCE

- Second shortest assurance lag (60 days) in the Americas

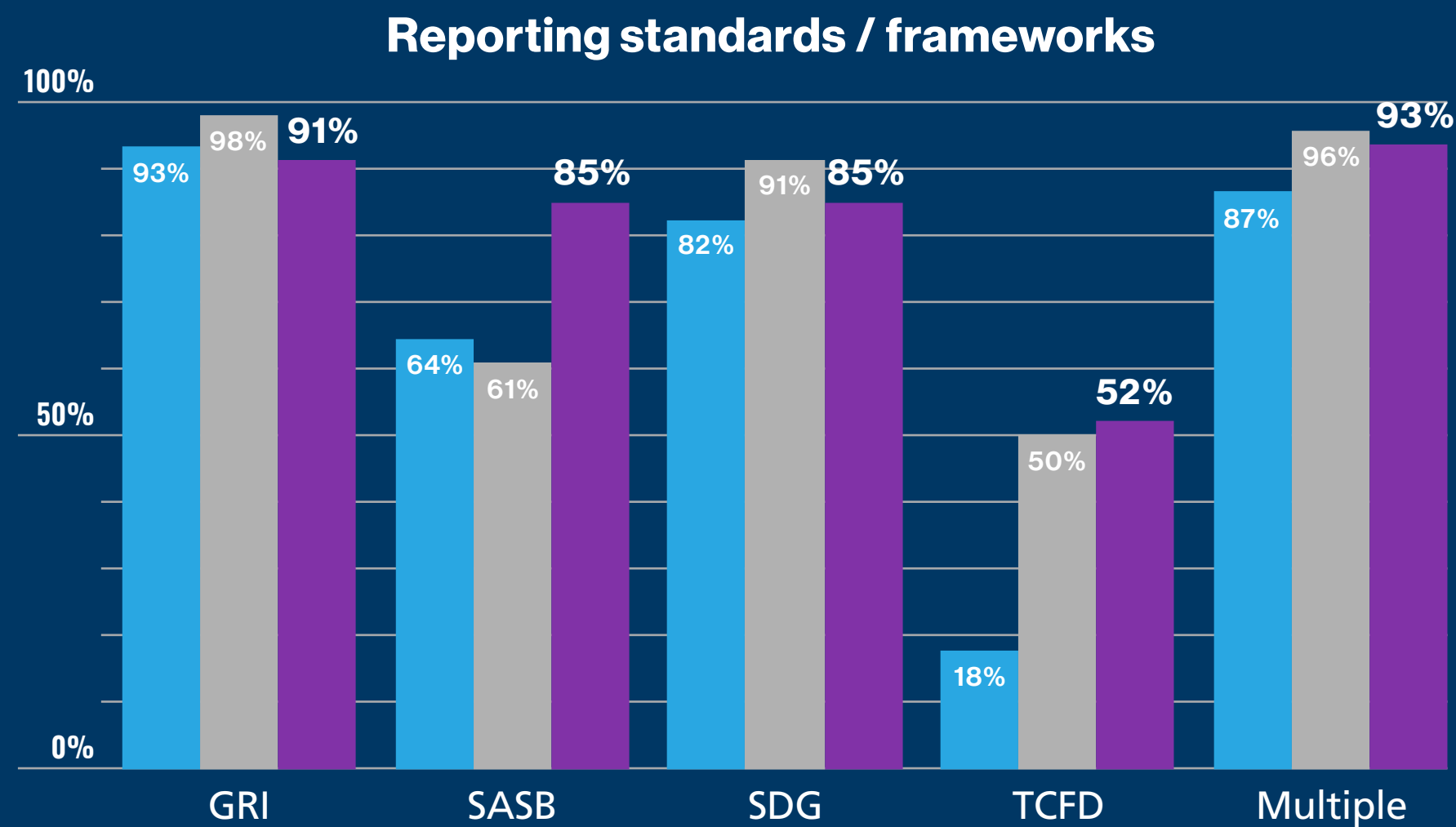
SUSTAINABILITY DISCLOSURE



2021
92%
46 of 50

2020
92%
46 of 50

2019
90%
45 of 50



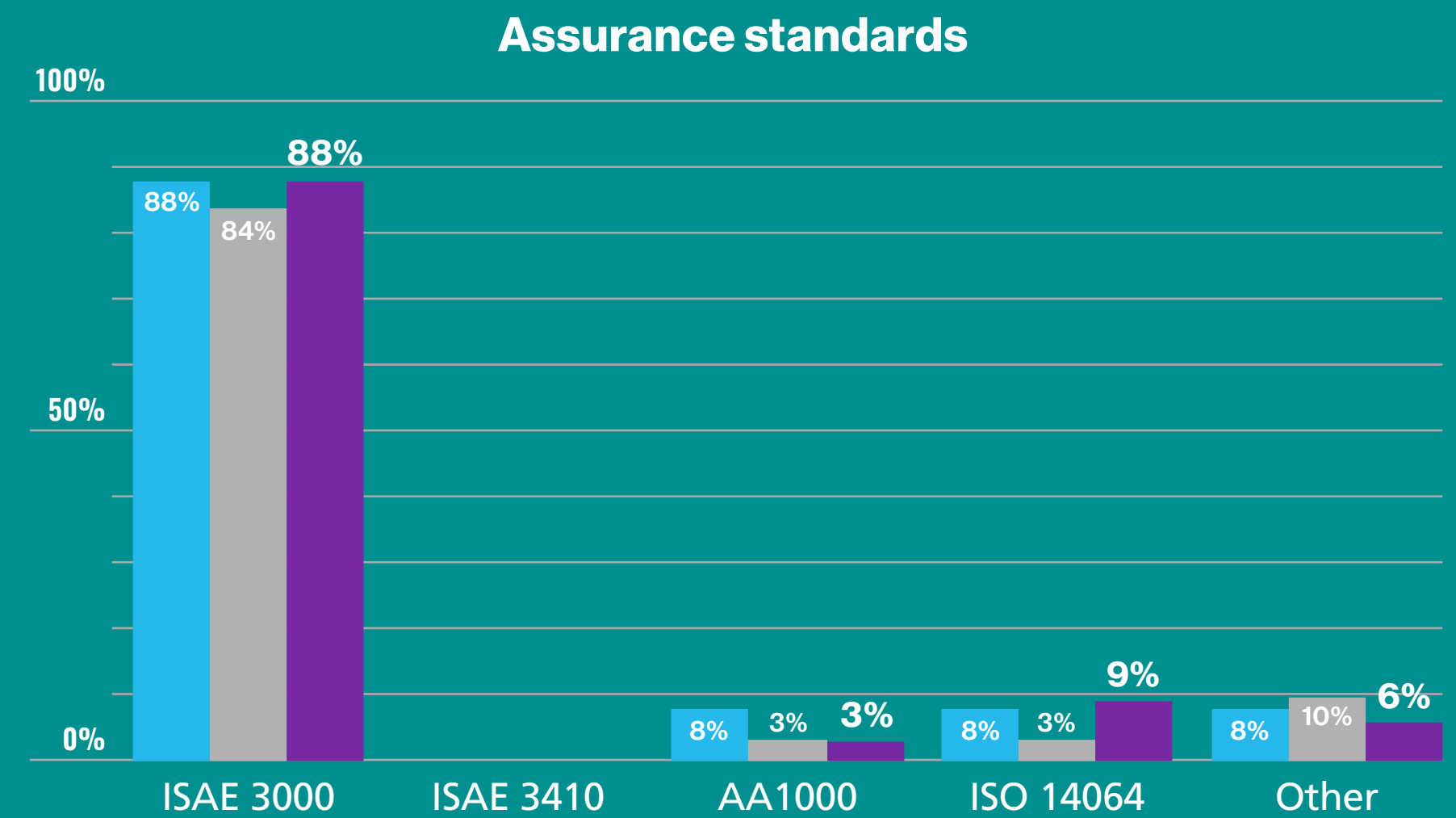
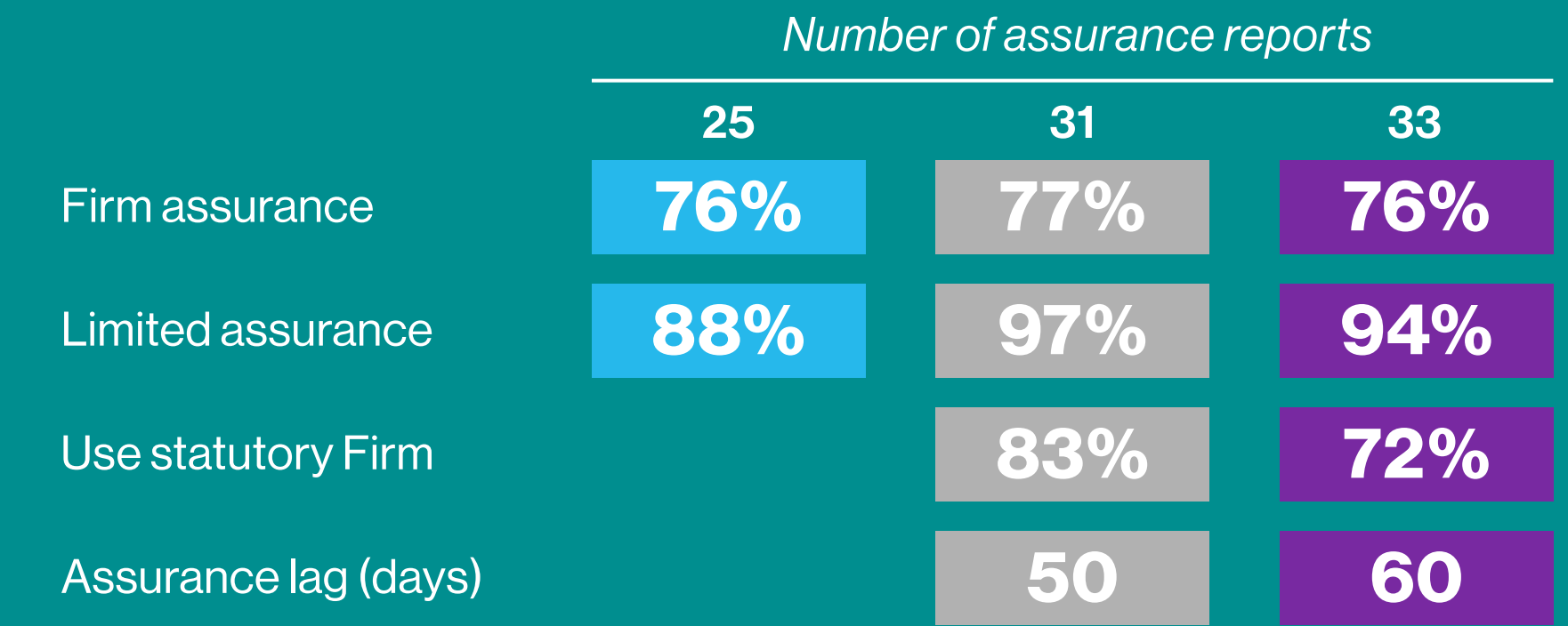
SUSTAINABILITY ASSURANCE

assured some ESG information

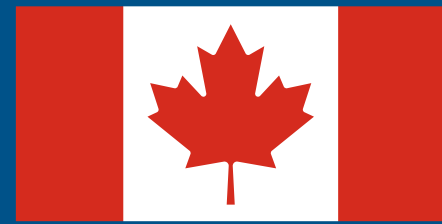
2021
72%
33 of 46

2020
67%
31 of 46

2019
53%
24 of 45



* A company may have more than one assurance report



DISCLOSURE

- Highest use (96%) of standalone Sustainability Reports

ASSURANCE

- Largest three-year decline (-14%) in Audit Firm assurance market share in the Americas

SUSTAINABILITY DISCLOSURE

Report types

reported some ESG information

2021

98%

49 of 50

2020

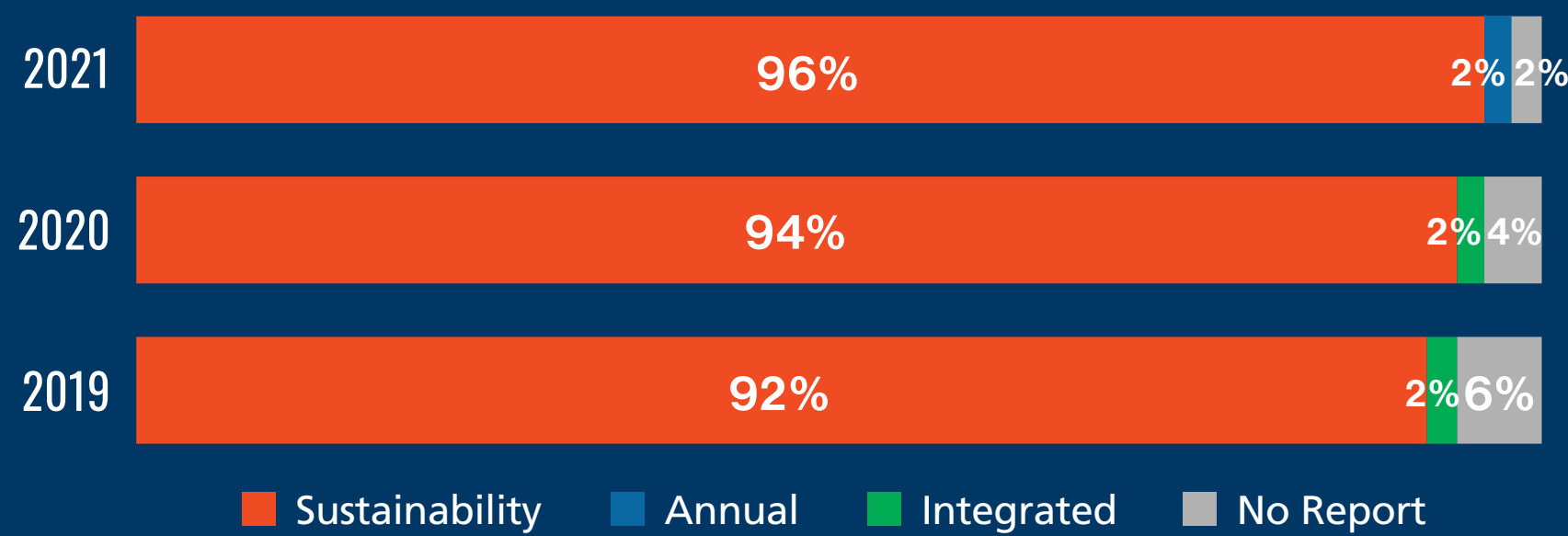
96%

48 of 50

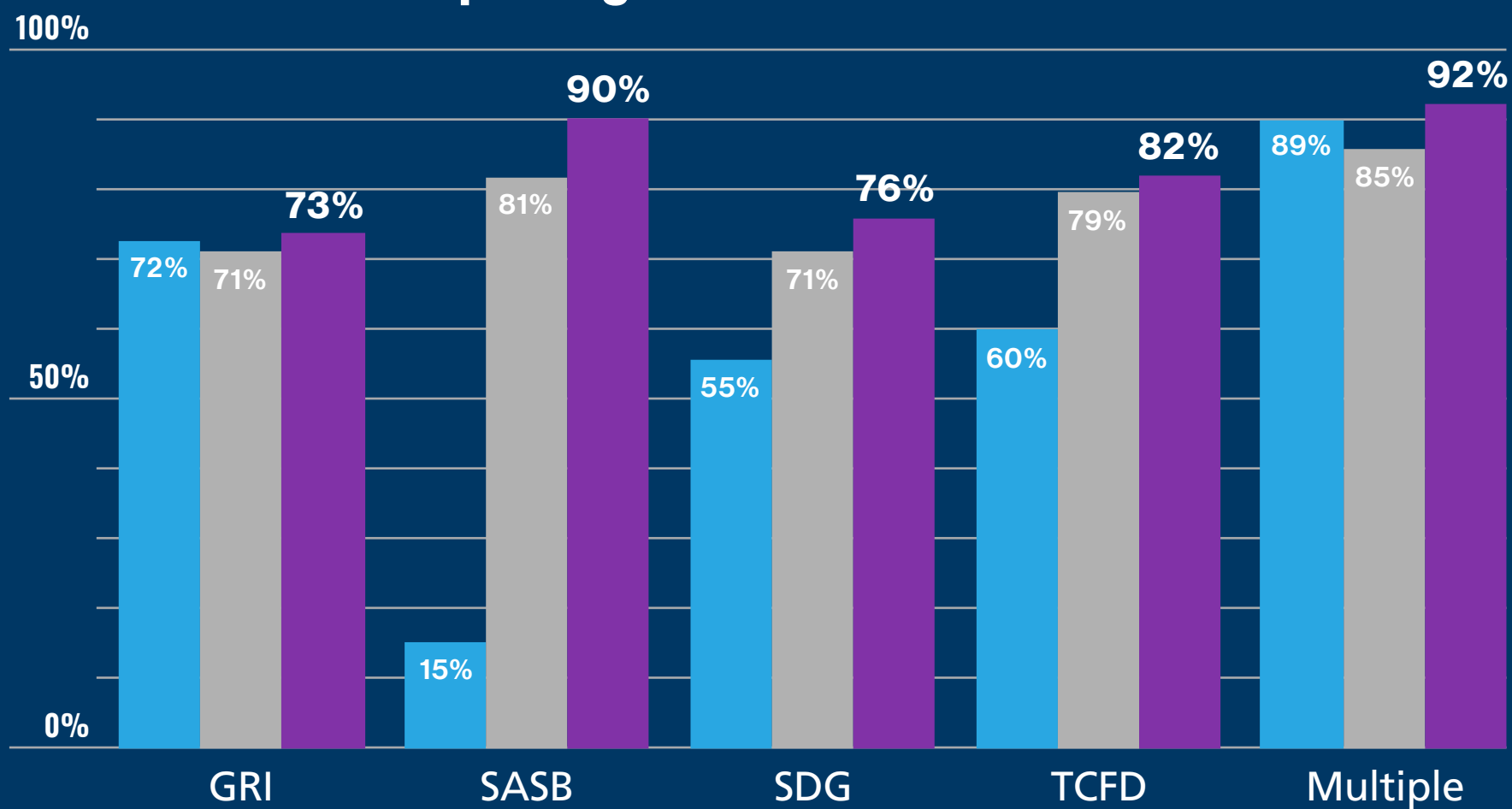
2019

94%

47 of 50



Reporting standards / frameworks



SUSTAINABILITY ASSURANCE

assured some ESG information

2021

61%

30 of 49

2020

58%

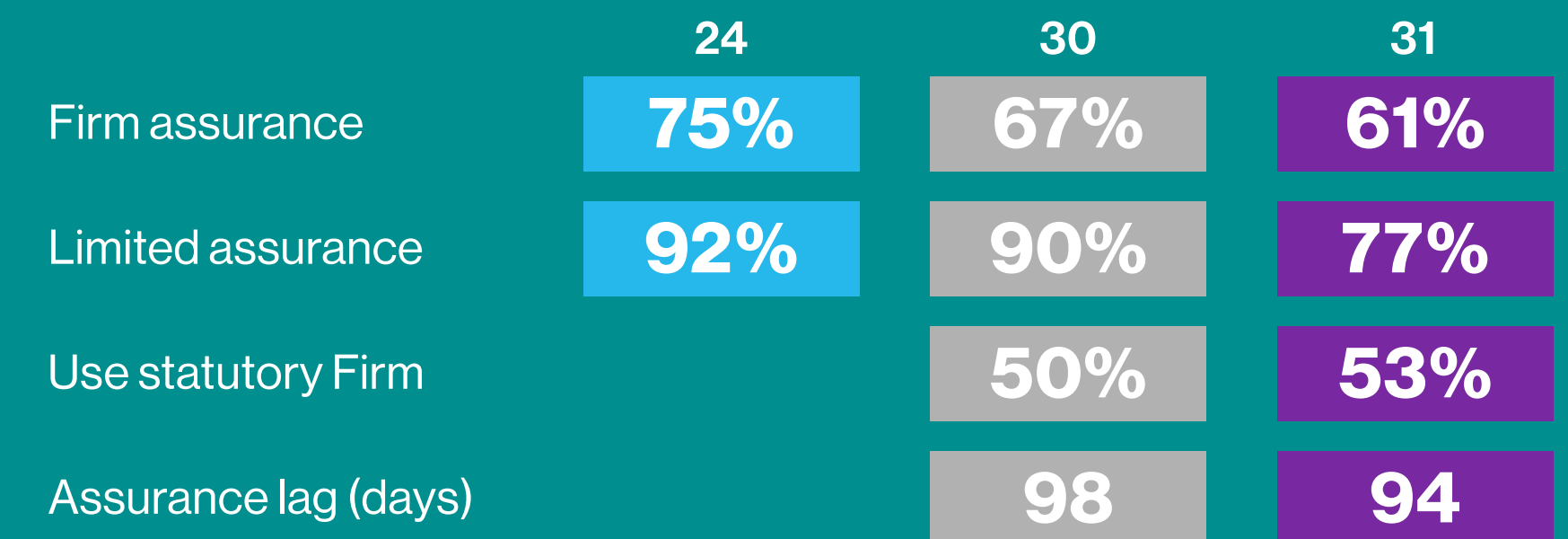
28 of 48

2019

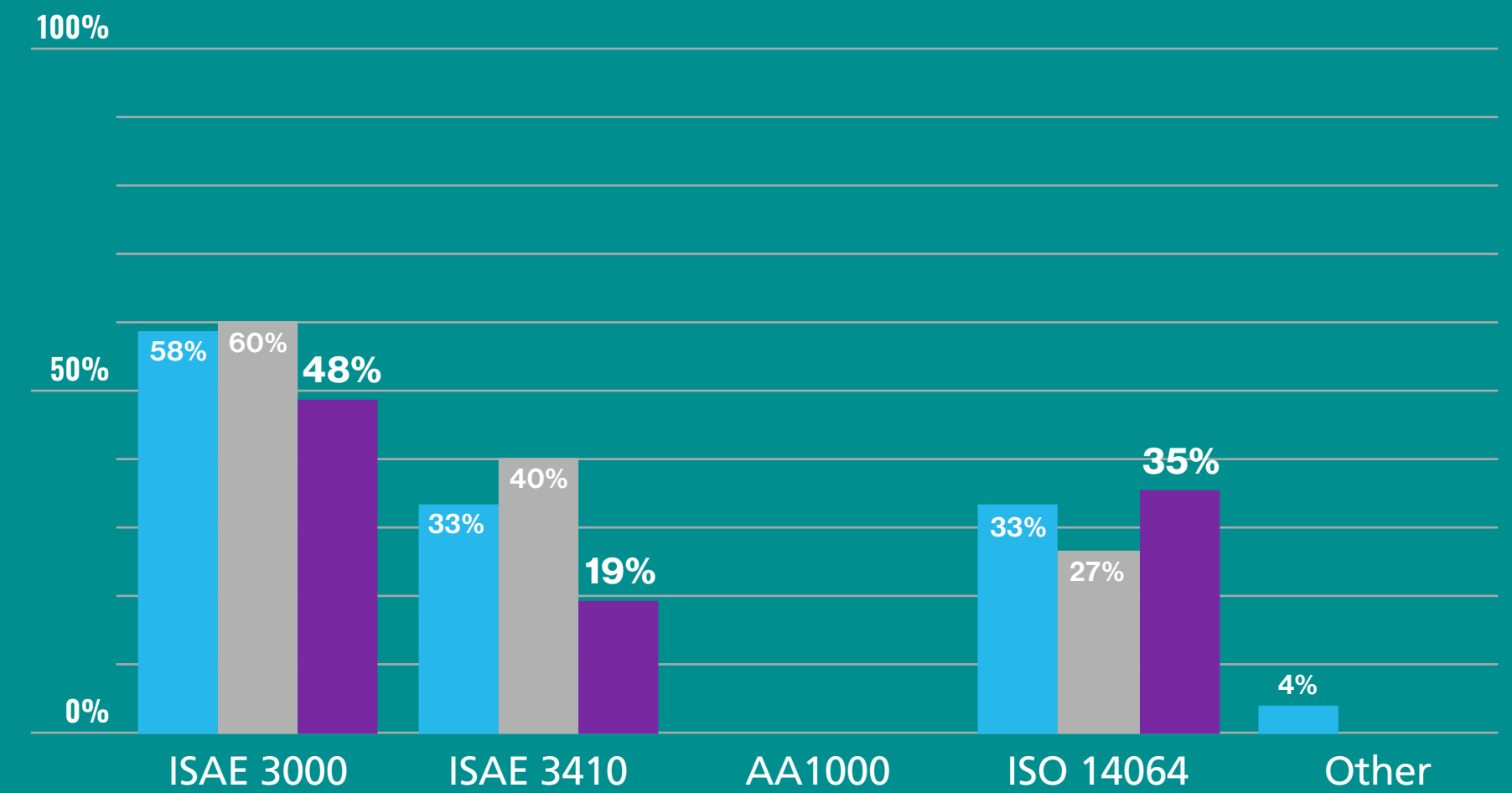
45%

21 of 47

Number of assurance reports



Assurance standards



* A company may have more than one assurance report



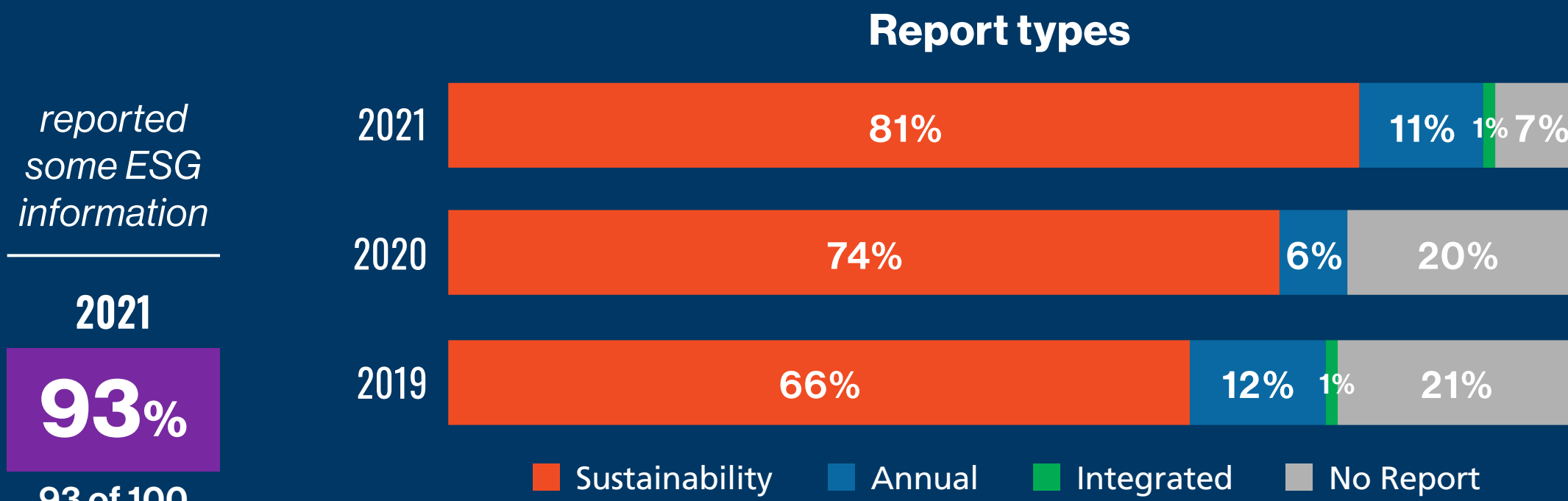
DISCLOSURE

- Third largest three-year sustainable reporting growth (14%) globally

ASSURANCE

- Shortest assurance lag (17 days) outside of the EU

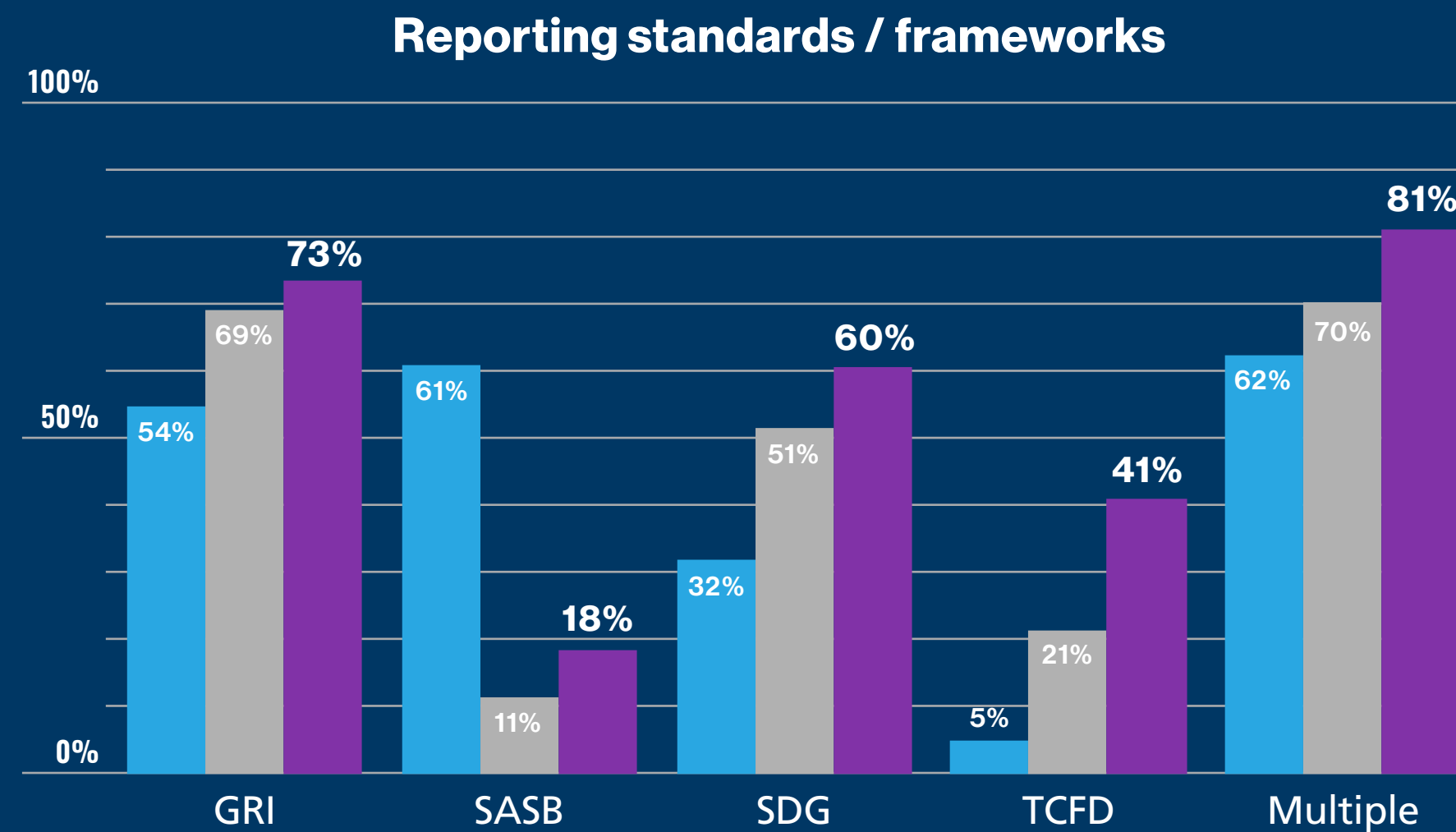
SUSTAINABILITY DISCLOSURE



2021
93%
93 of 100

2020
80%
80 of 100

2019
79%
79 of 100



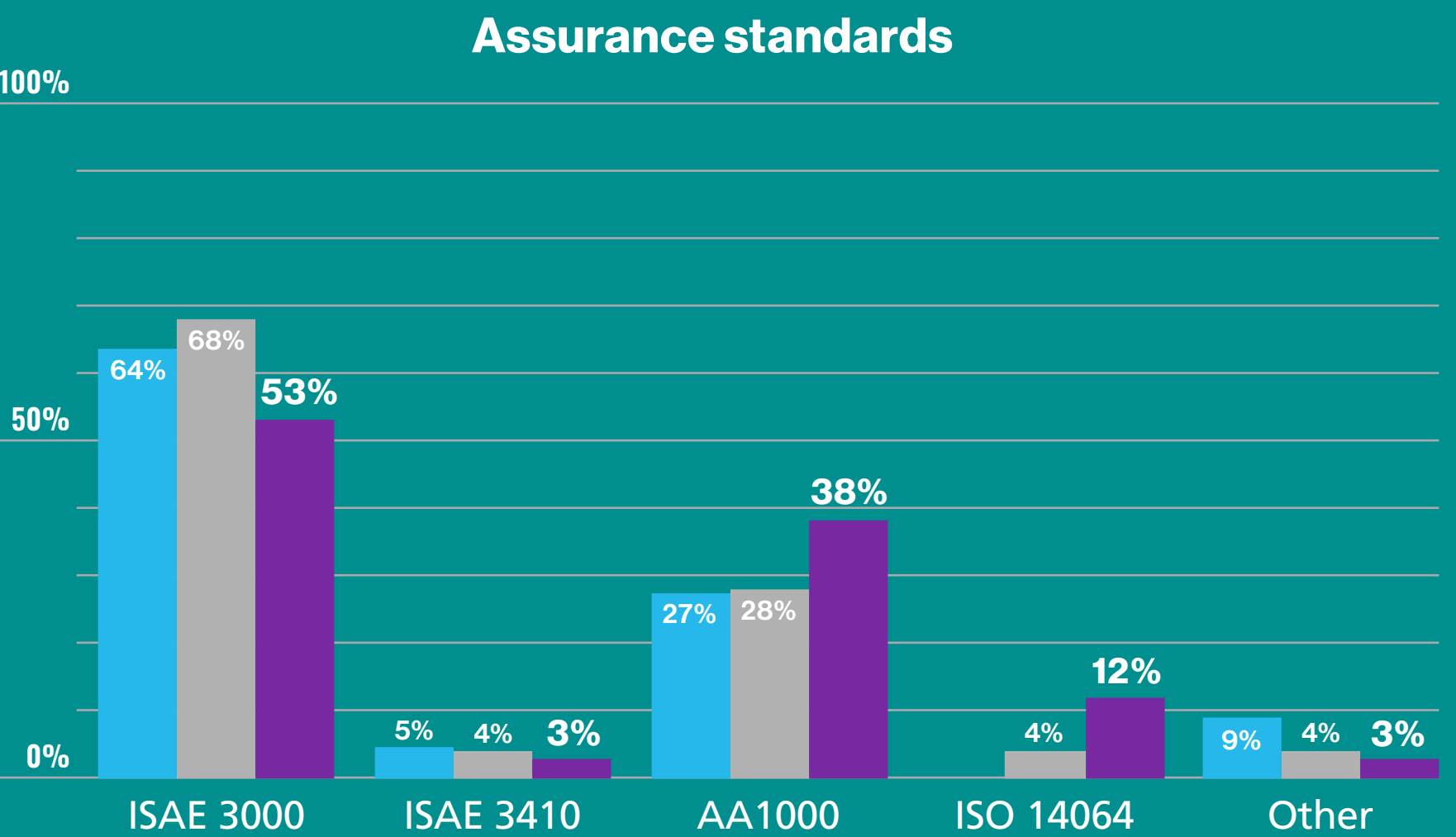
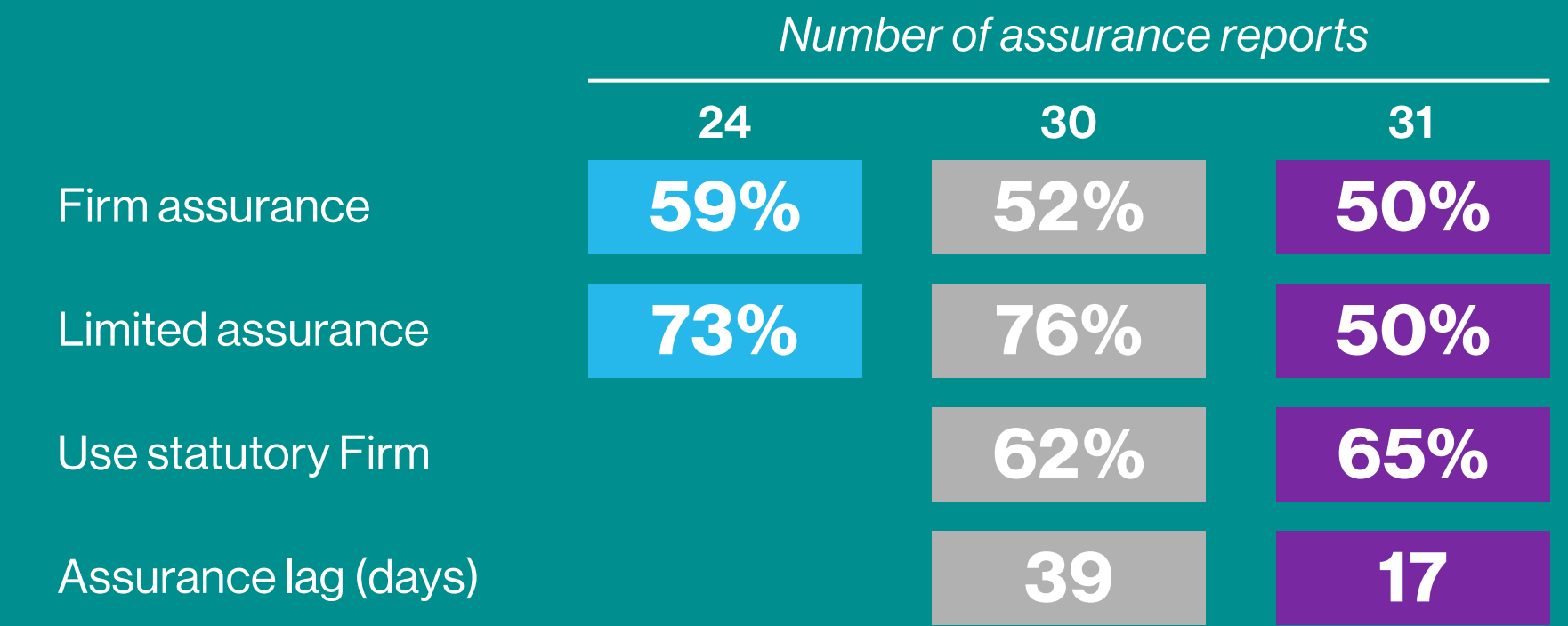
SUSTAINABILITY ASSURANCE

assured some ESG information

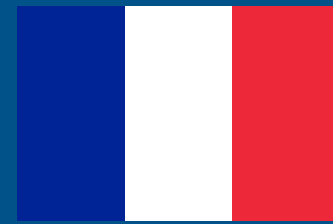
2021
37%
34 of 93

2020
30%
24 of 80

2019
28%
22 of 79



* A company may have more than one assurance report



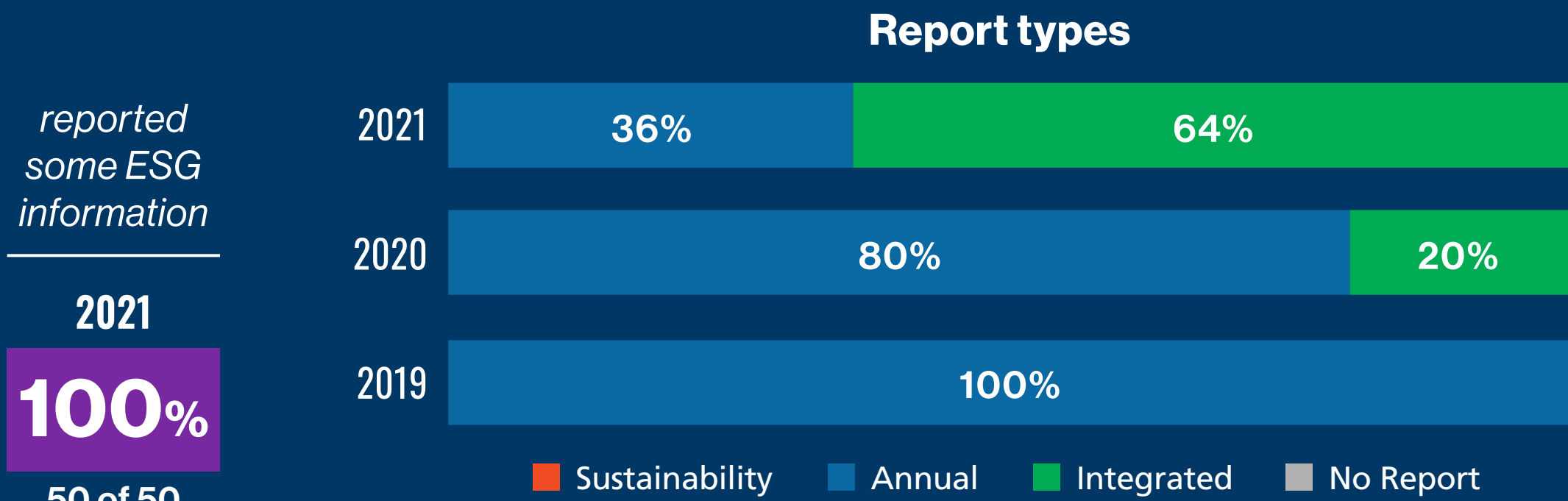
DISCLOSURE

- Largest three-year increase in use of Integrated Reports (64%)

ASSURANCE

- Highest rate of using statutory audit firm for sustainable assurance (98%) globally

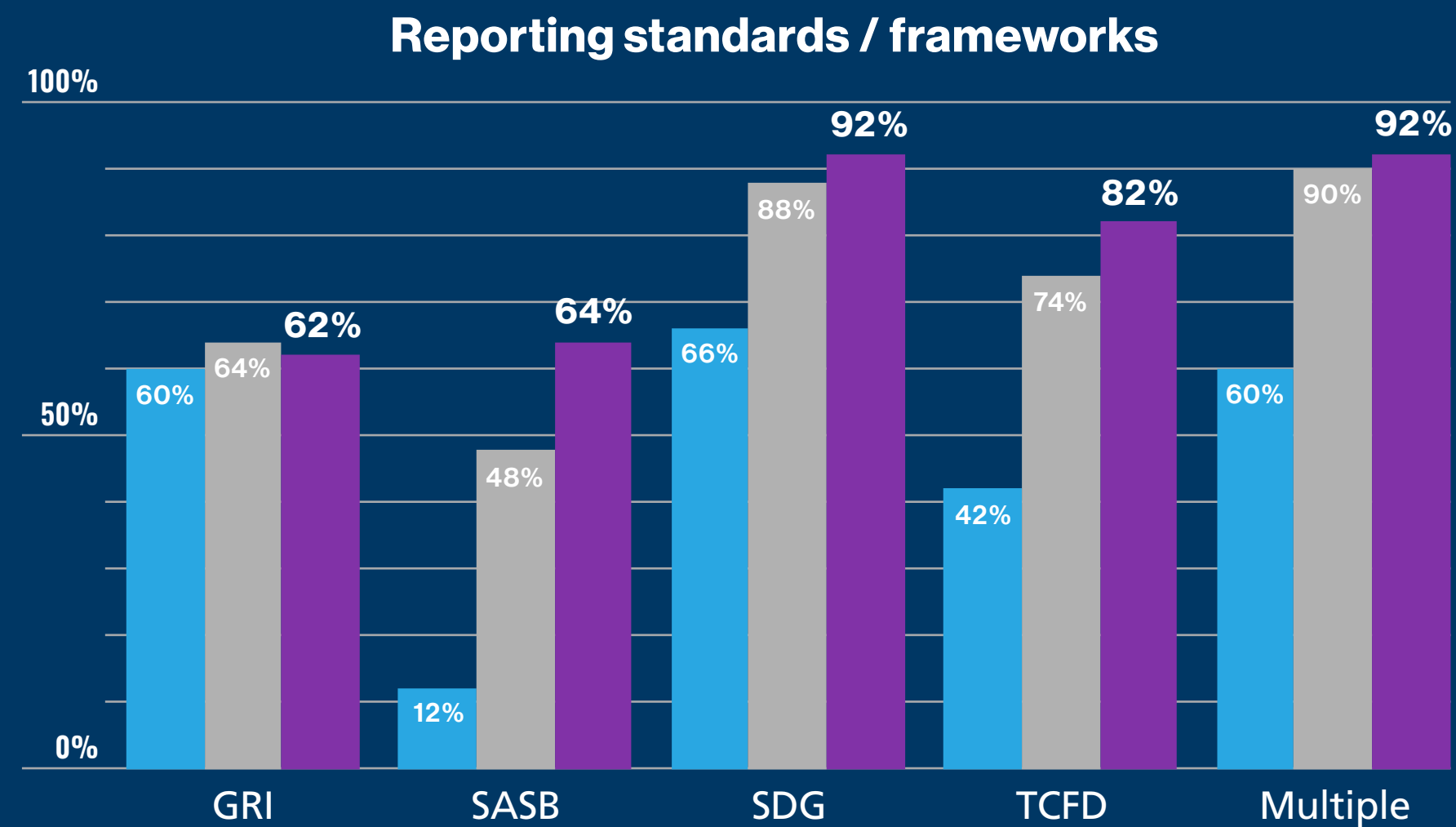
SUSTAINABILITY DISCLOSURE



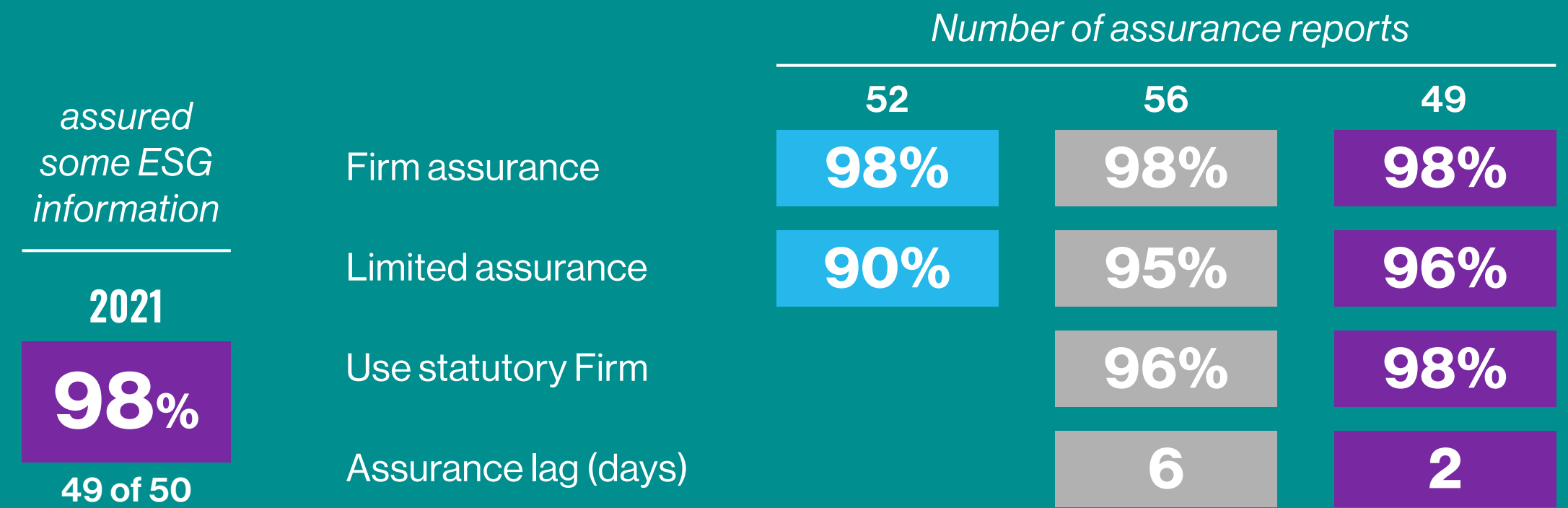
2021
100%
50 of 50

2020
100%
50 of 50

2019
100%
50 of 50



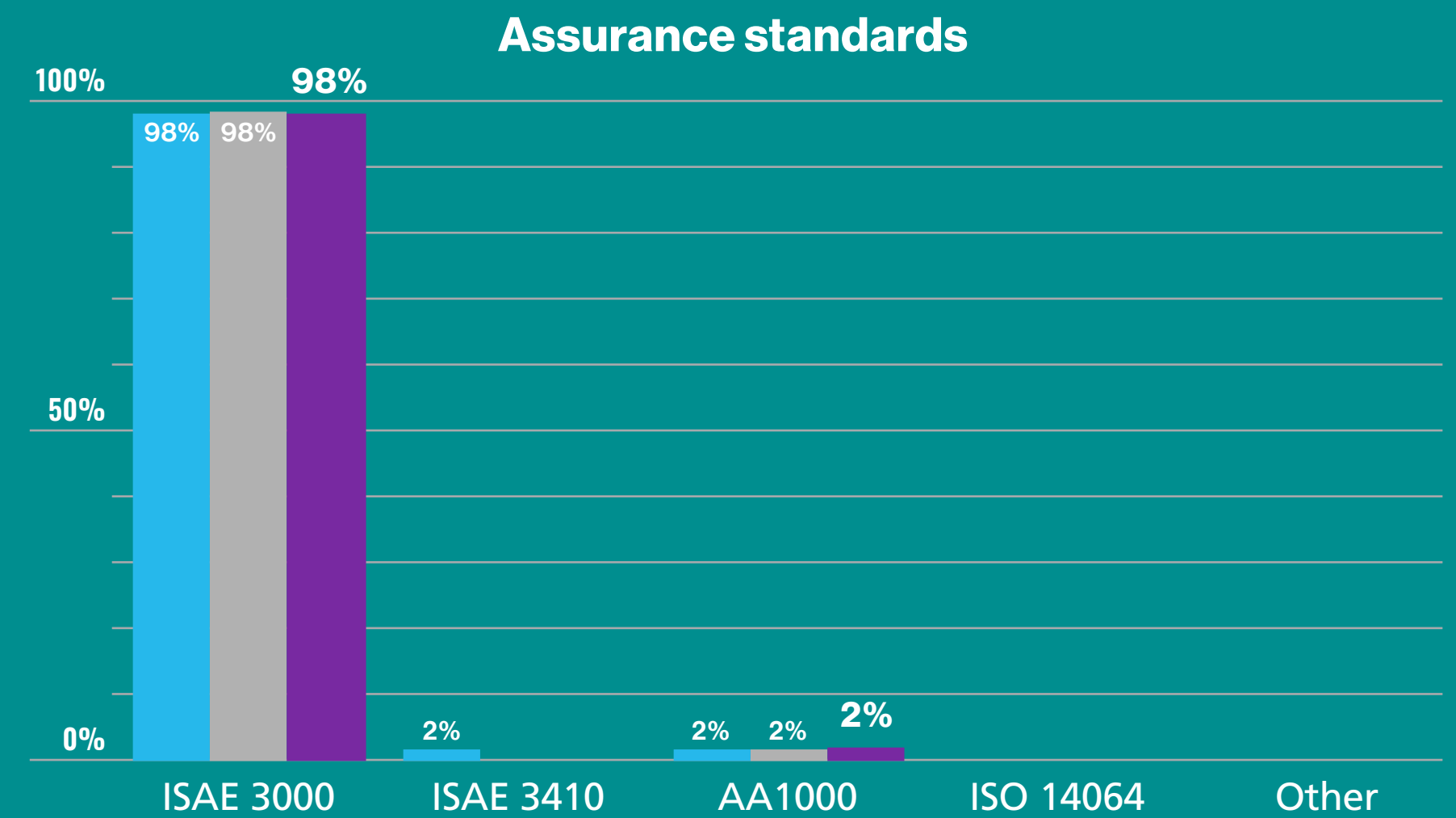
SUSTAINABILITY ASSURANCE



2021
98%
49 of 50

2020
98%
49 of 50

2019
96%
48 of 50



* A company may have more than one assurance report



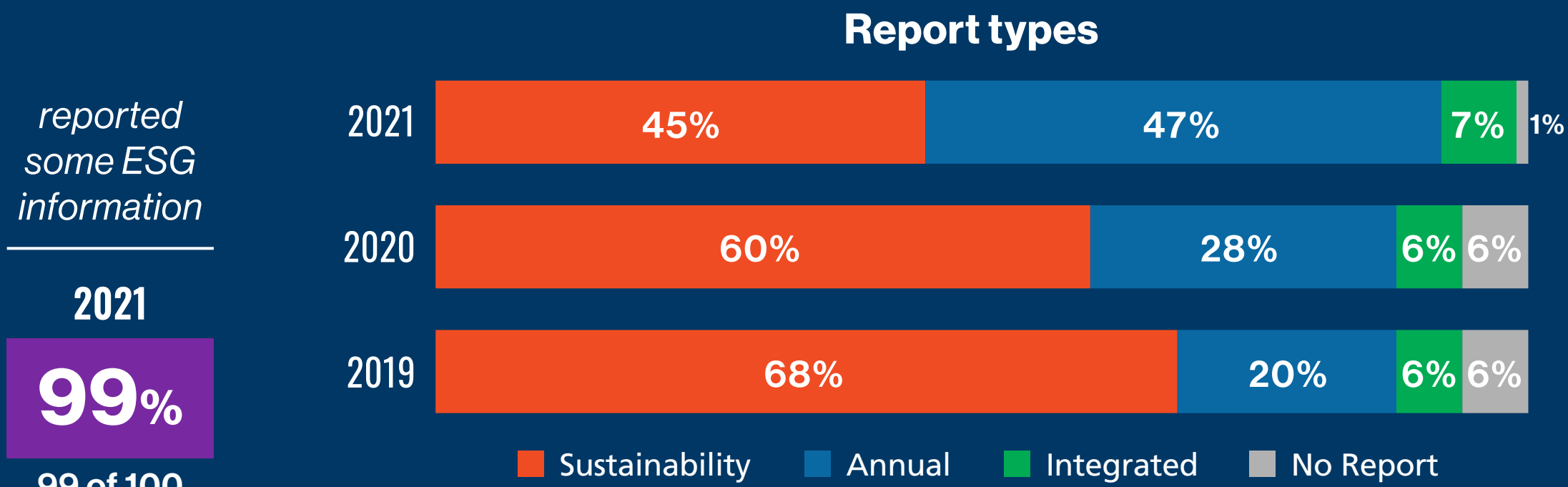
DISCLOSURE

- Third highest use of Annual Reports (47%) globally

ASSURANCE

- Lowest rate of assurance (74%) among EU jurisdictions

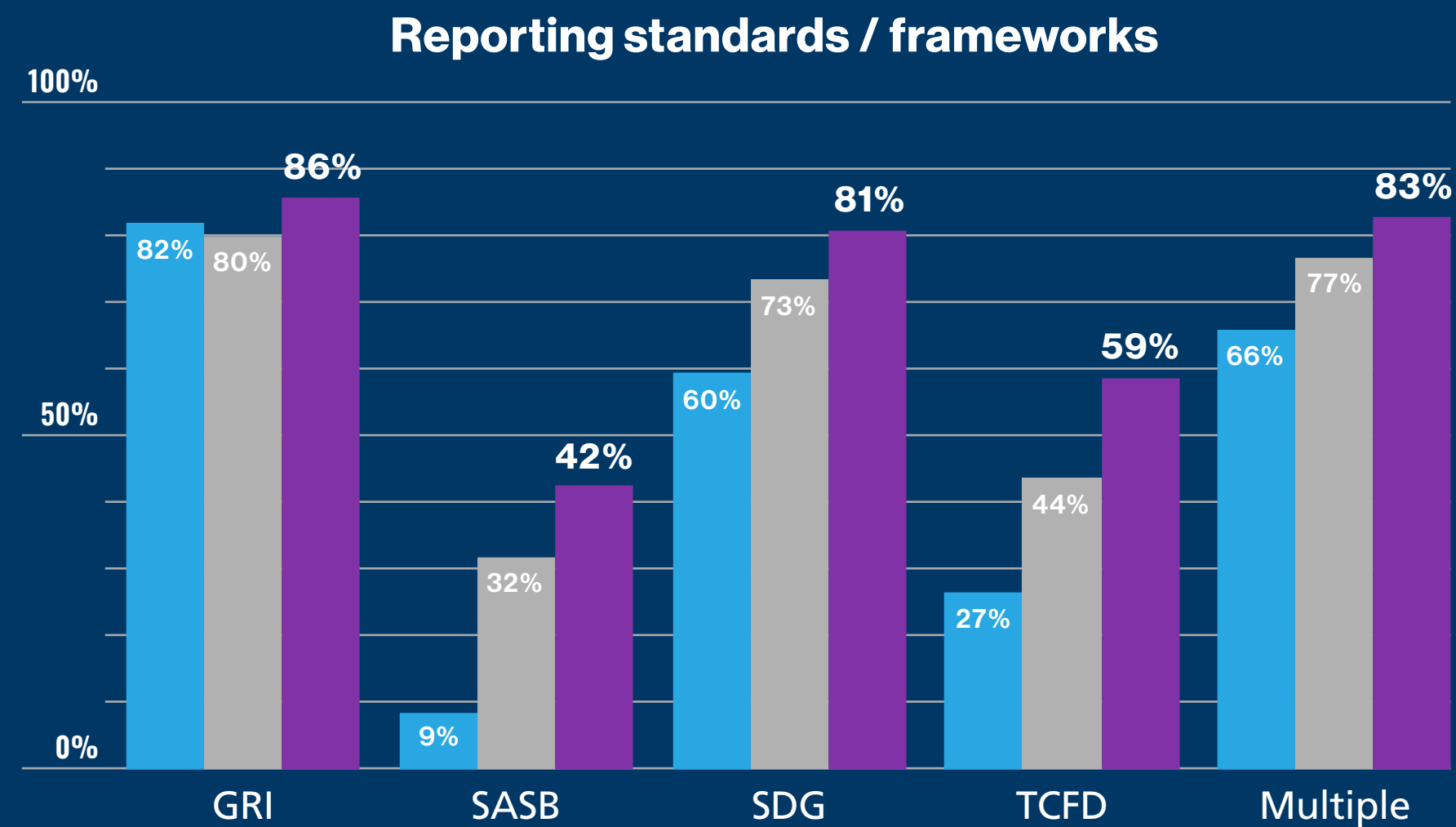
SUSTAINABILITY DISCLOSURE



2021
99%
99 of 100

2020
94%
94 of 100

2019
94%
94 of 100



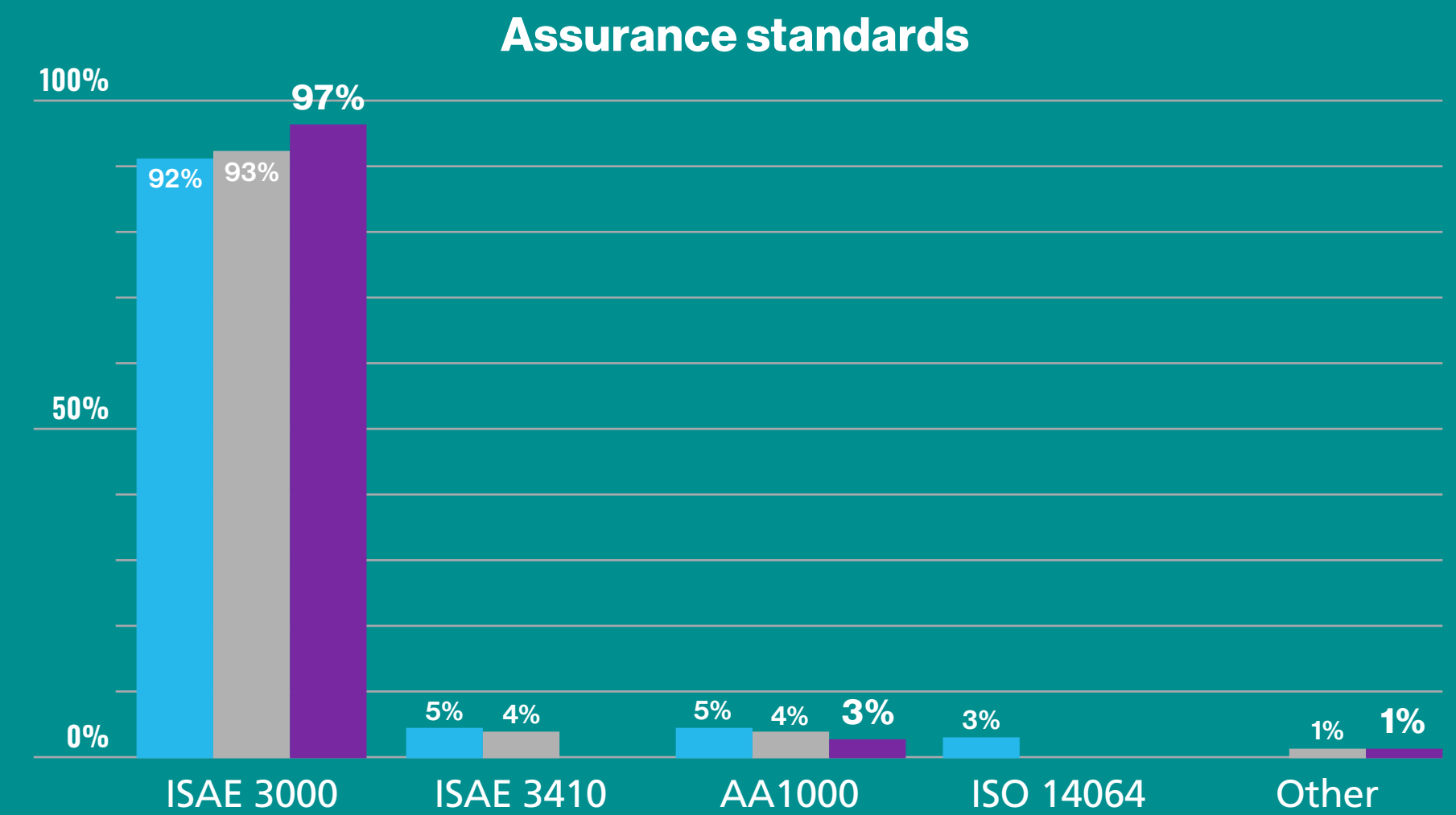
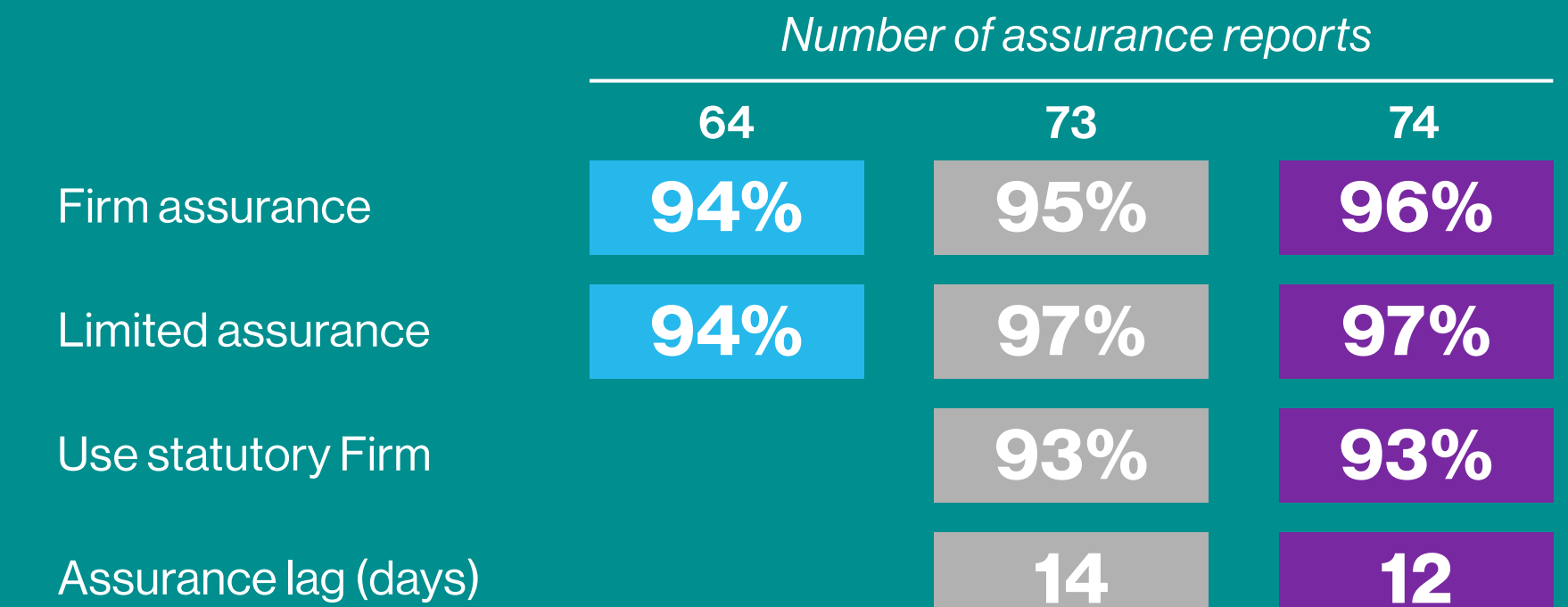
SUSTAINABILITY ASSURANCE

assured some ESG information

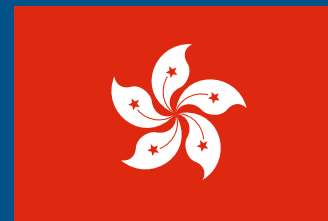
2021
74%
73 of 99

2020
70%
66 of 94

2019
63%
59 of 94



* A company may have more than one assurance report



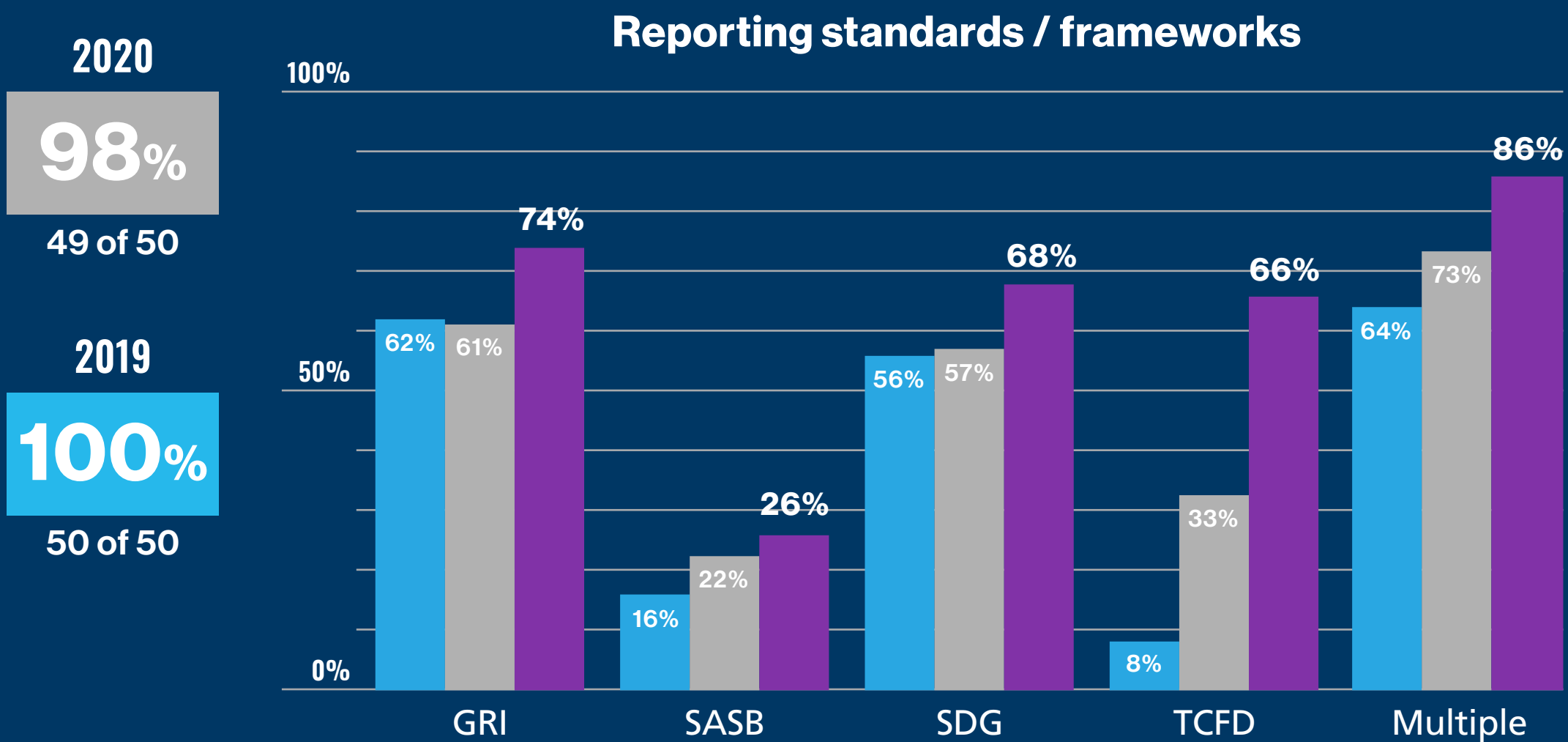
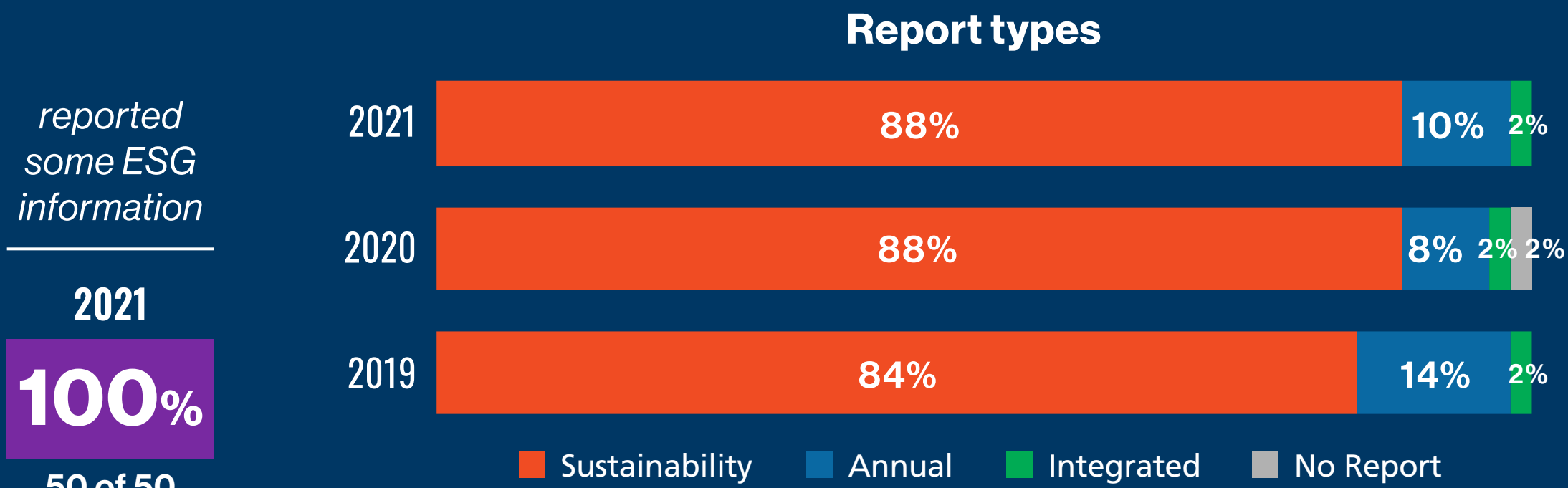
DISCLOSURE

- Third highest use (88%) of standalone Sustainability Reports

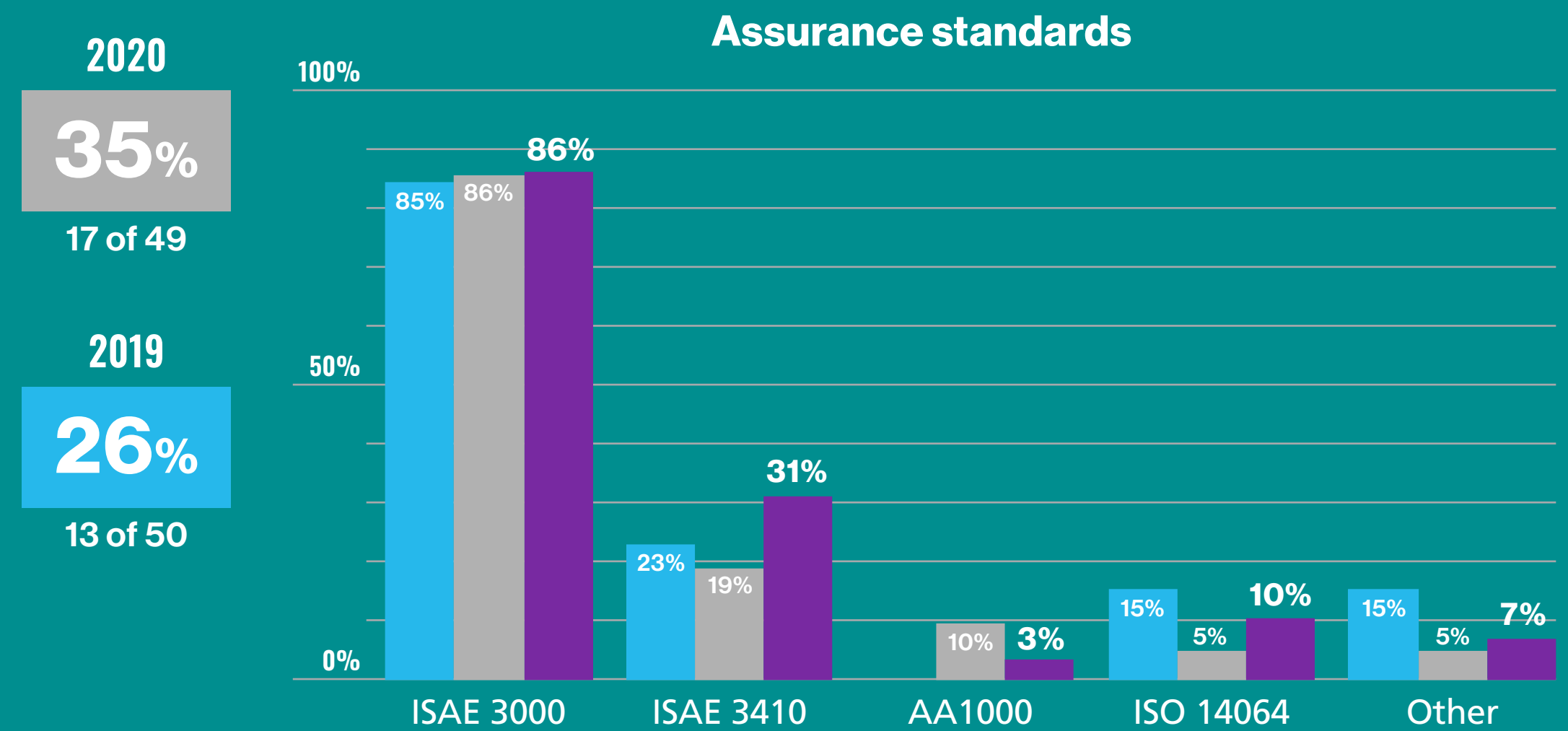
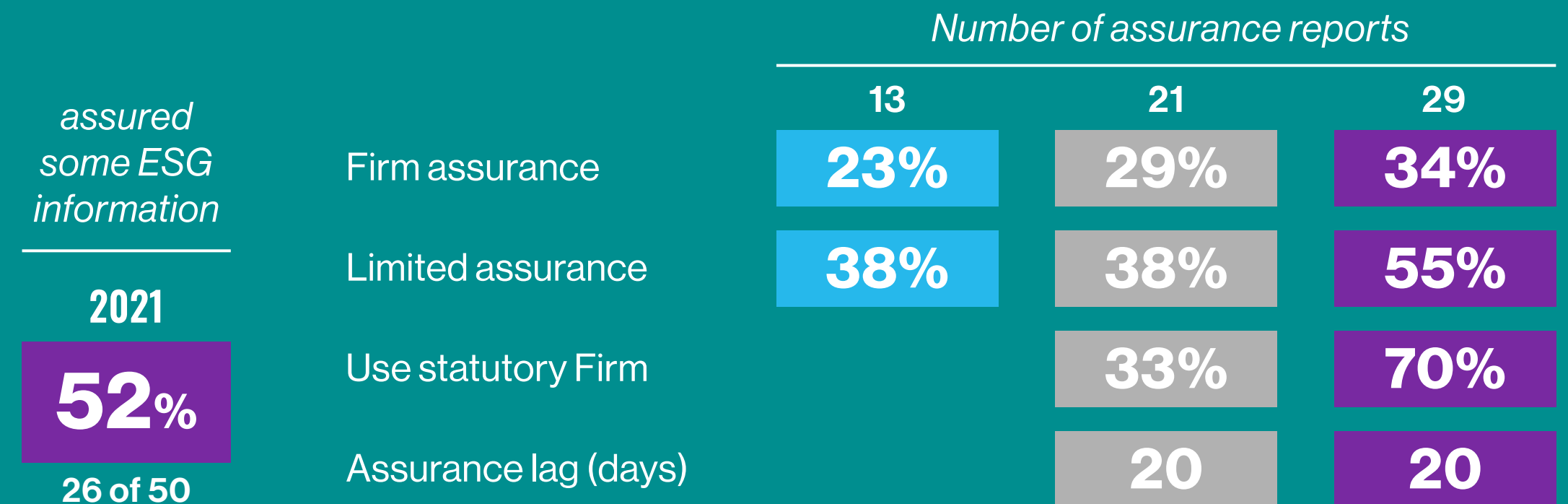
ASSURANCE

- Highest rate of reasonable assurance (34%) globally

SUSTAINABILITY DISCLOSURE



SUSTAINABILITY ASSURANCE



* A company may have more than one assurance report



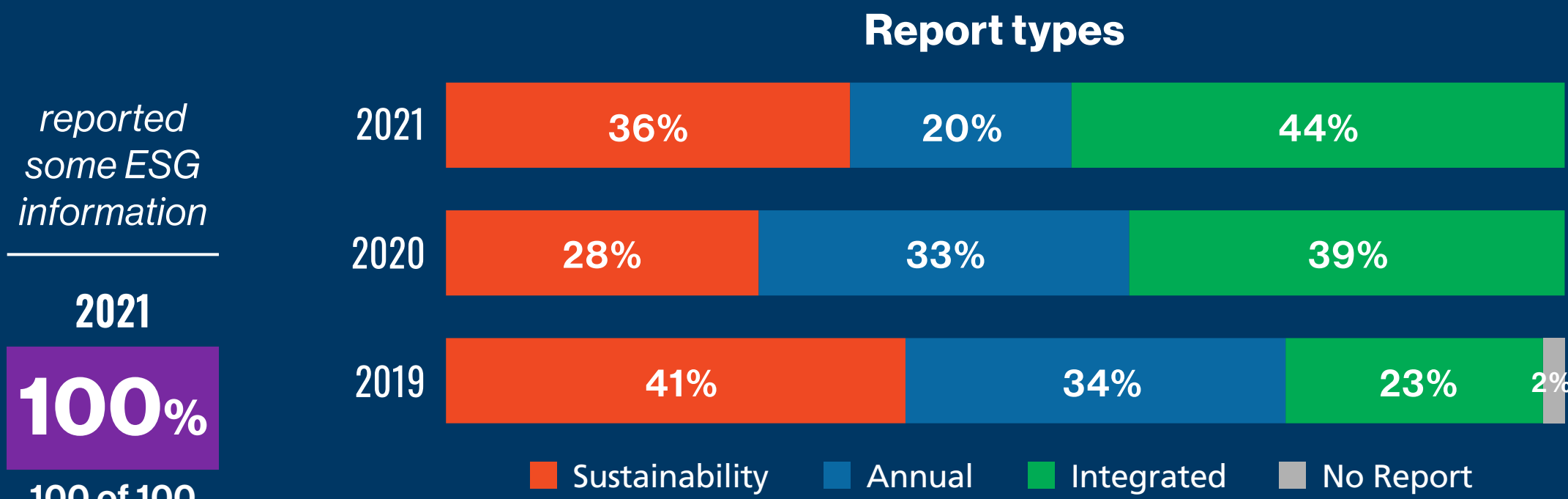
DISCLOSURE

- Lowest use of SASB Standards (17%) and second lowest use of TCFD (21%) in Asia-Pacific

ASSURANCE

- Second longest assurance lag (95 days), globally

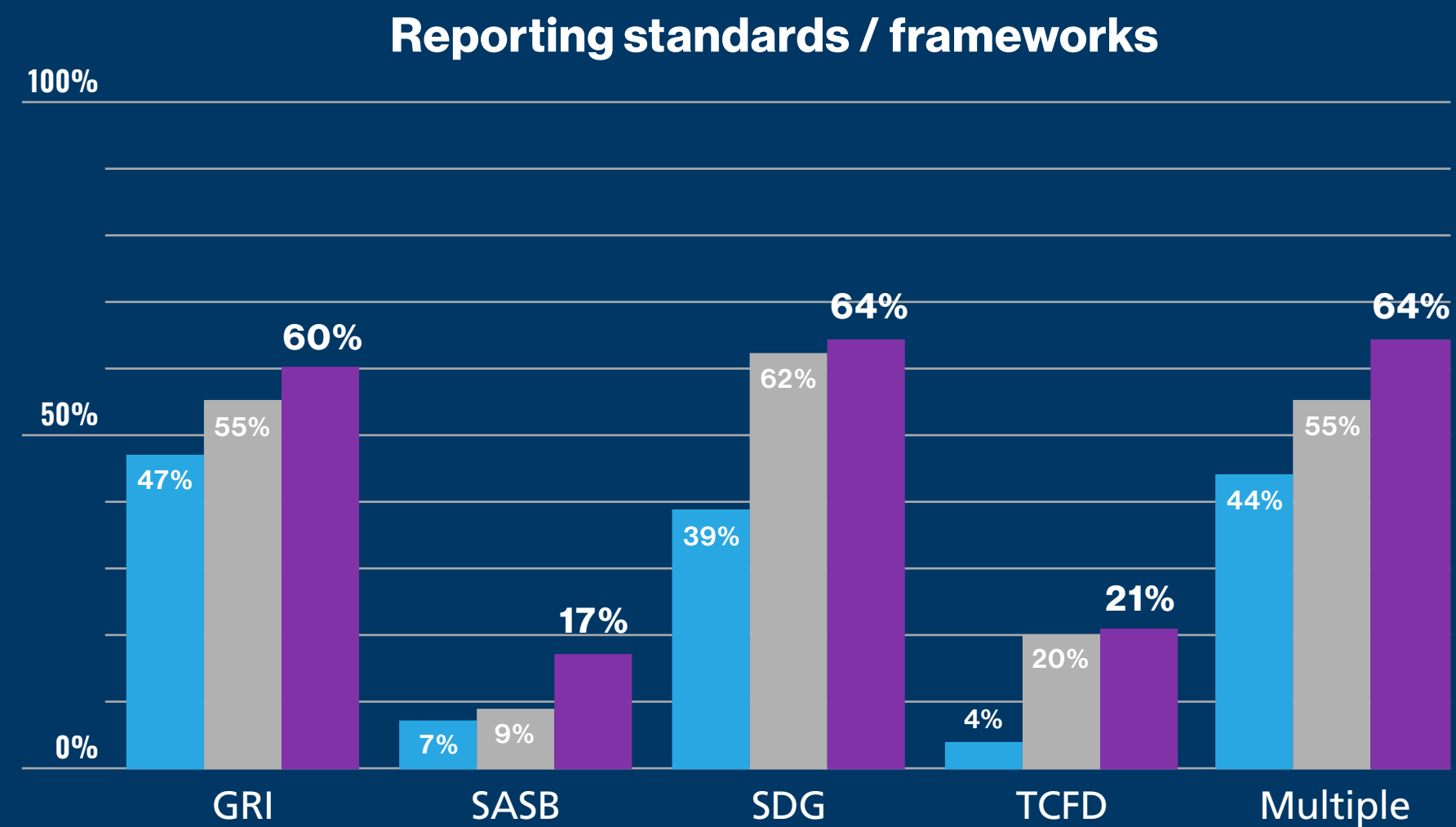
SUSTAINABILITY DISCLOSURE



2021
100%
100 of 100

2020
100%
100 of 100

2019
98%
98 of 100



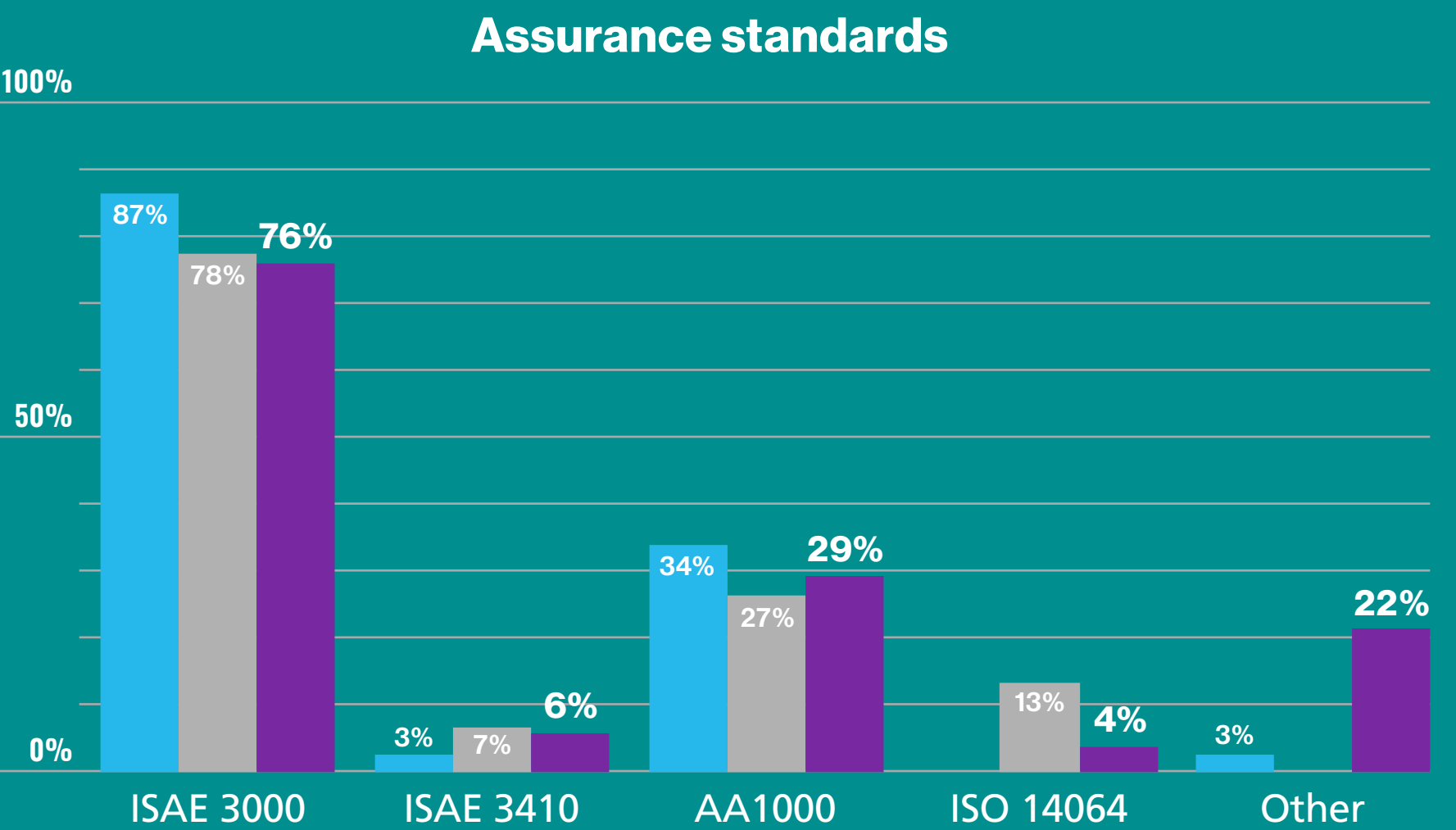
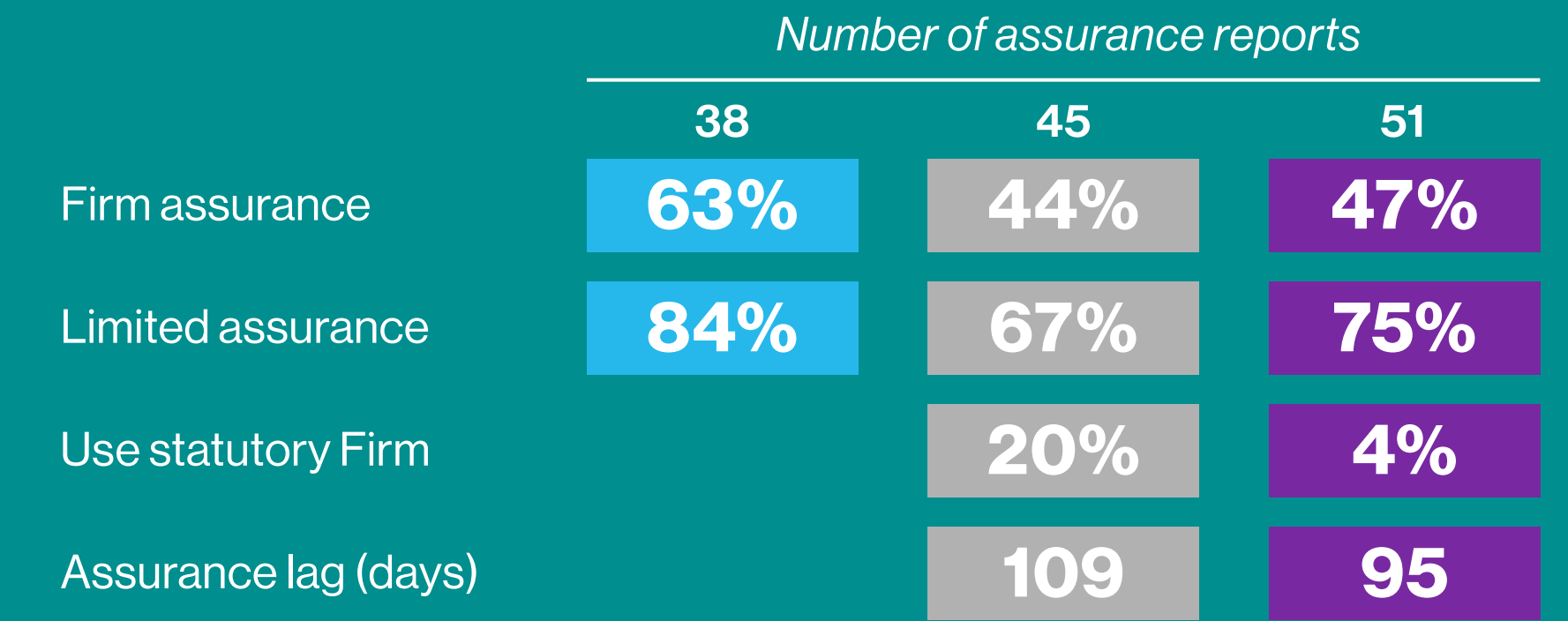
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
49%
49 of 100

2020
40%
40 of 100

2019
38%
37 of 98



* A company may have more than one assurance report



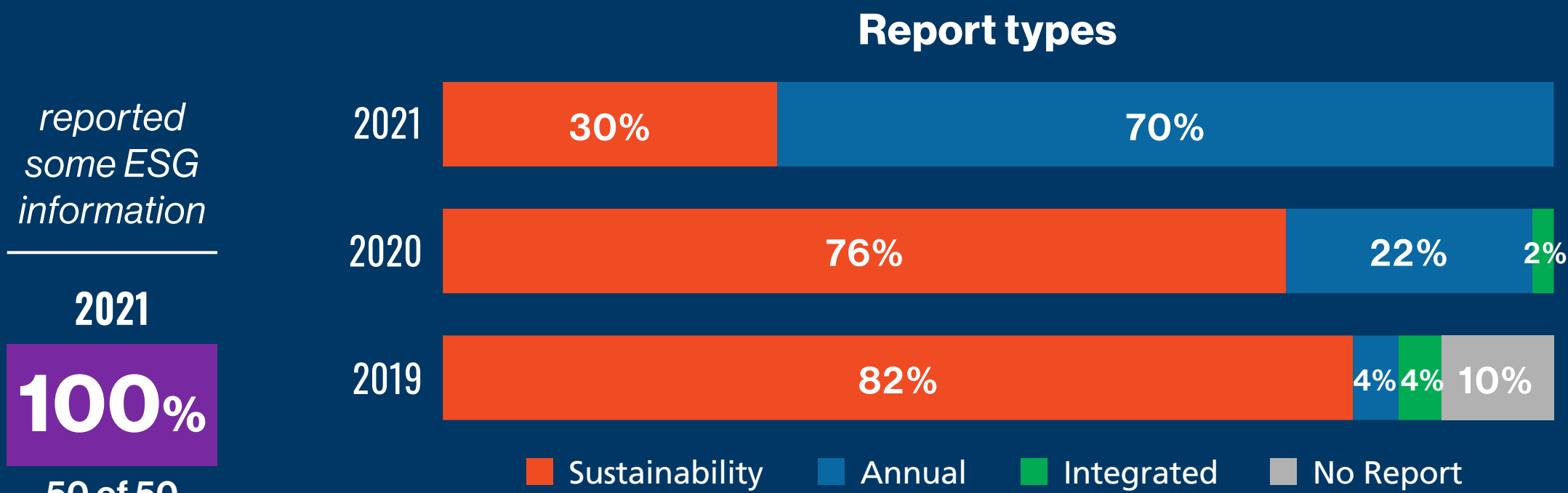
DISCLOSURE

- Highest use of Annual Reports (70%), globally

ASSURANCE

- Highest use of AA1000 assurance standards (44%), globally

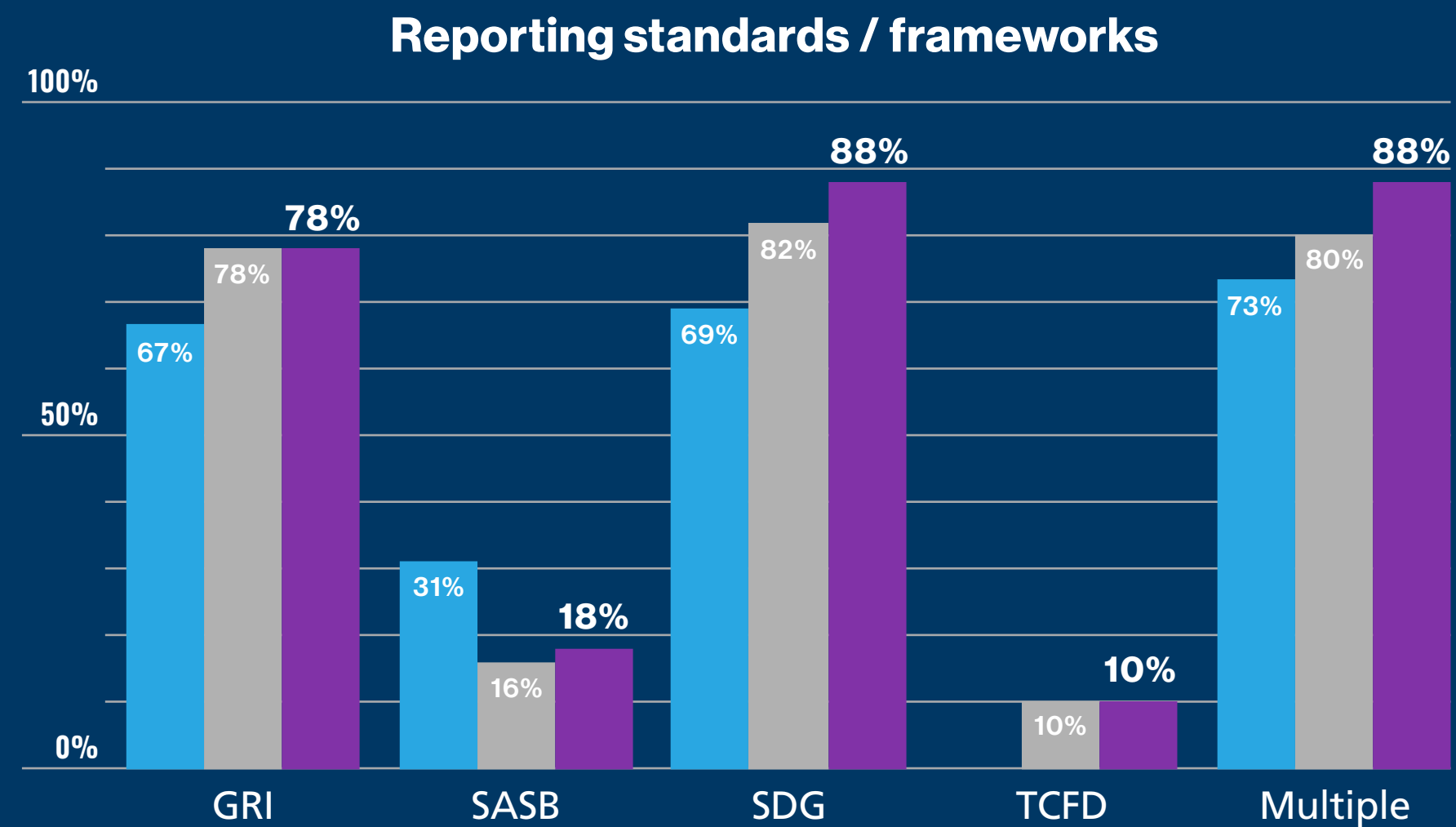
SUSTAINABILITY DISCLOSURE



2021
100%
50 of 50

2020
100%
50 of 50

2019
90%
45 of 50



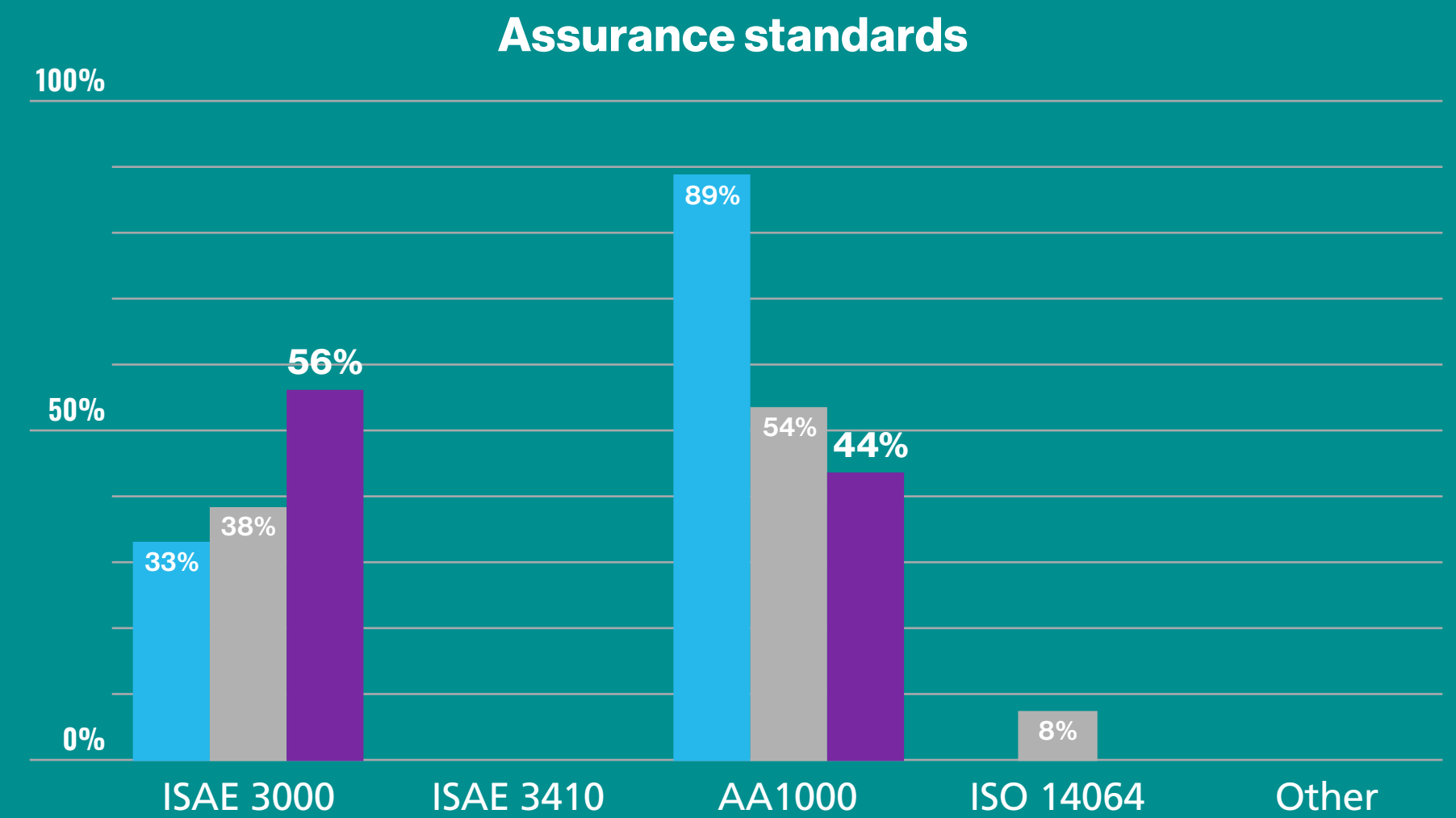
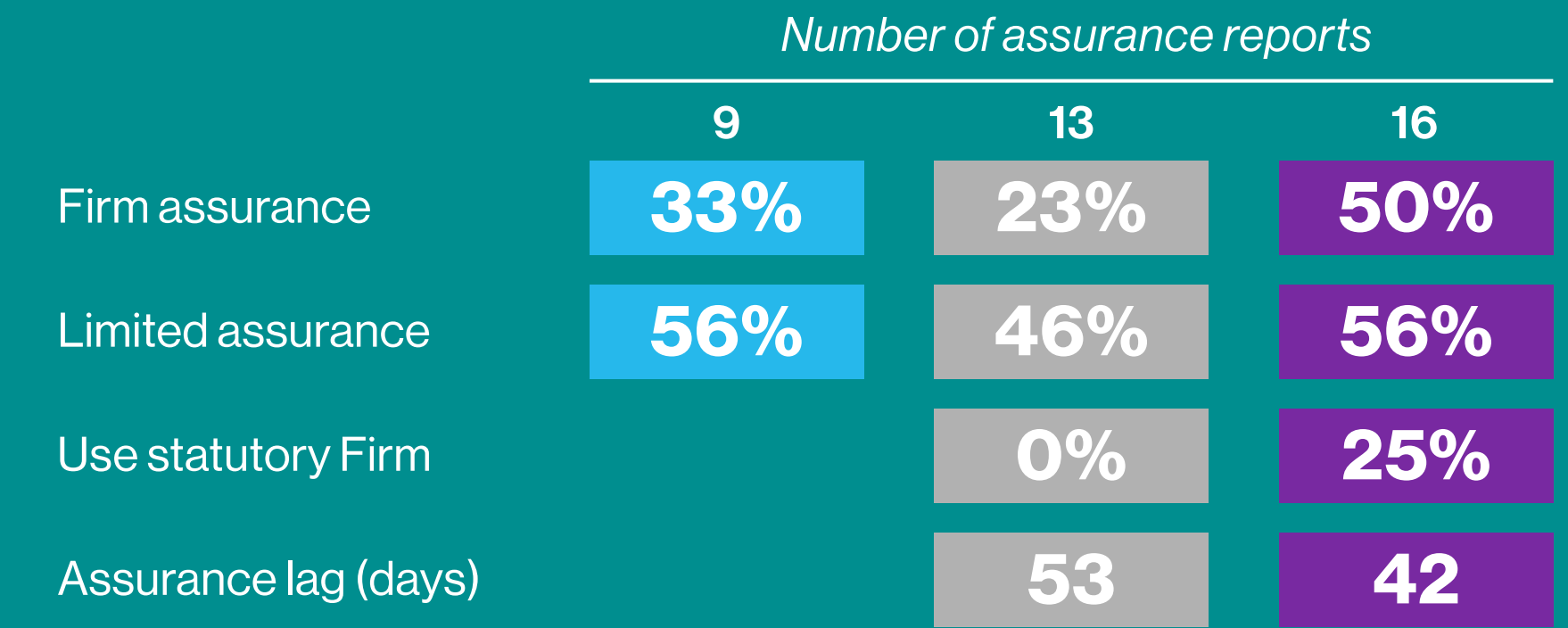
SUSTAINABILITY ASSURANCE

assured some ESG information

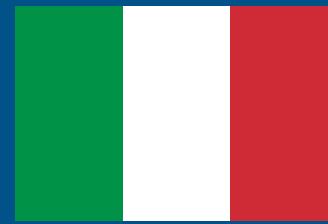
2021
32%
16 of 50

2020
26%
13 of 50

2019
20%
9 of 45



* A company may have more than one assurance report



DISCLOSURE

- Highest use of standalone Sustainability Reports (64%) in the EU

ASSURANCE

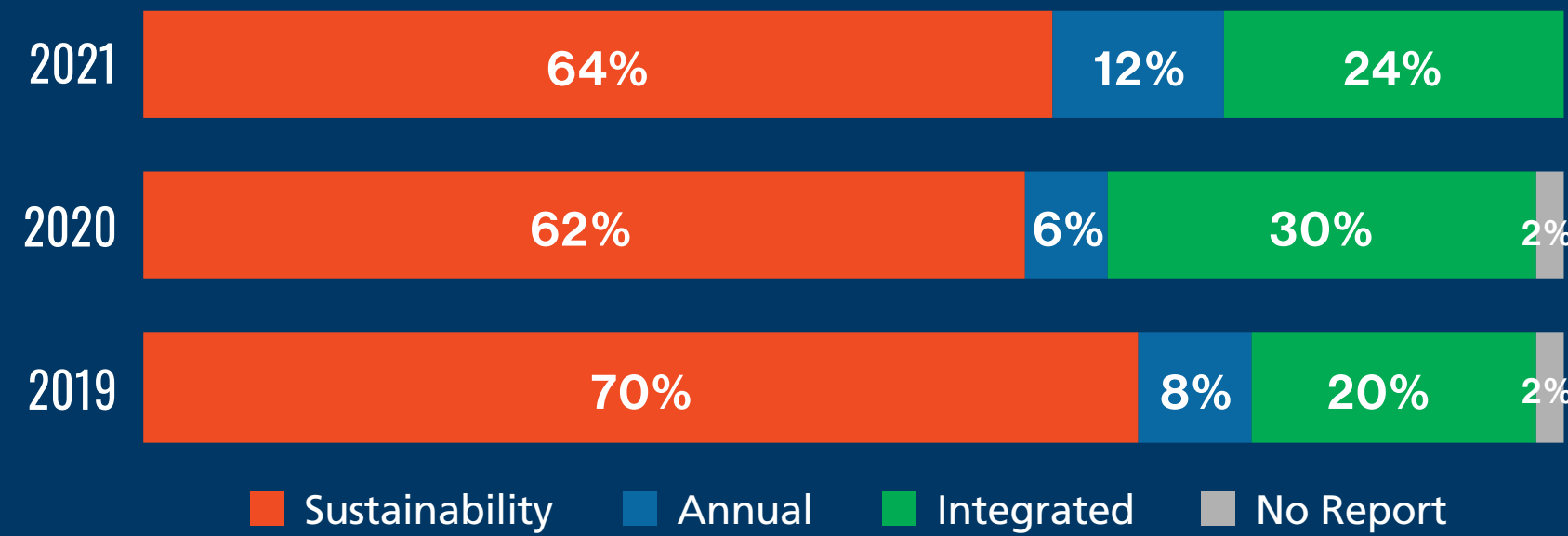
- Shortest lag (1 day) between statutory and sustainability assurance, globally

SUSTAINABILITY DISCLOSURE

Report types

reported some ESG information

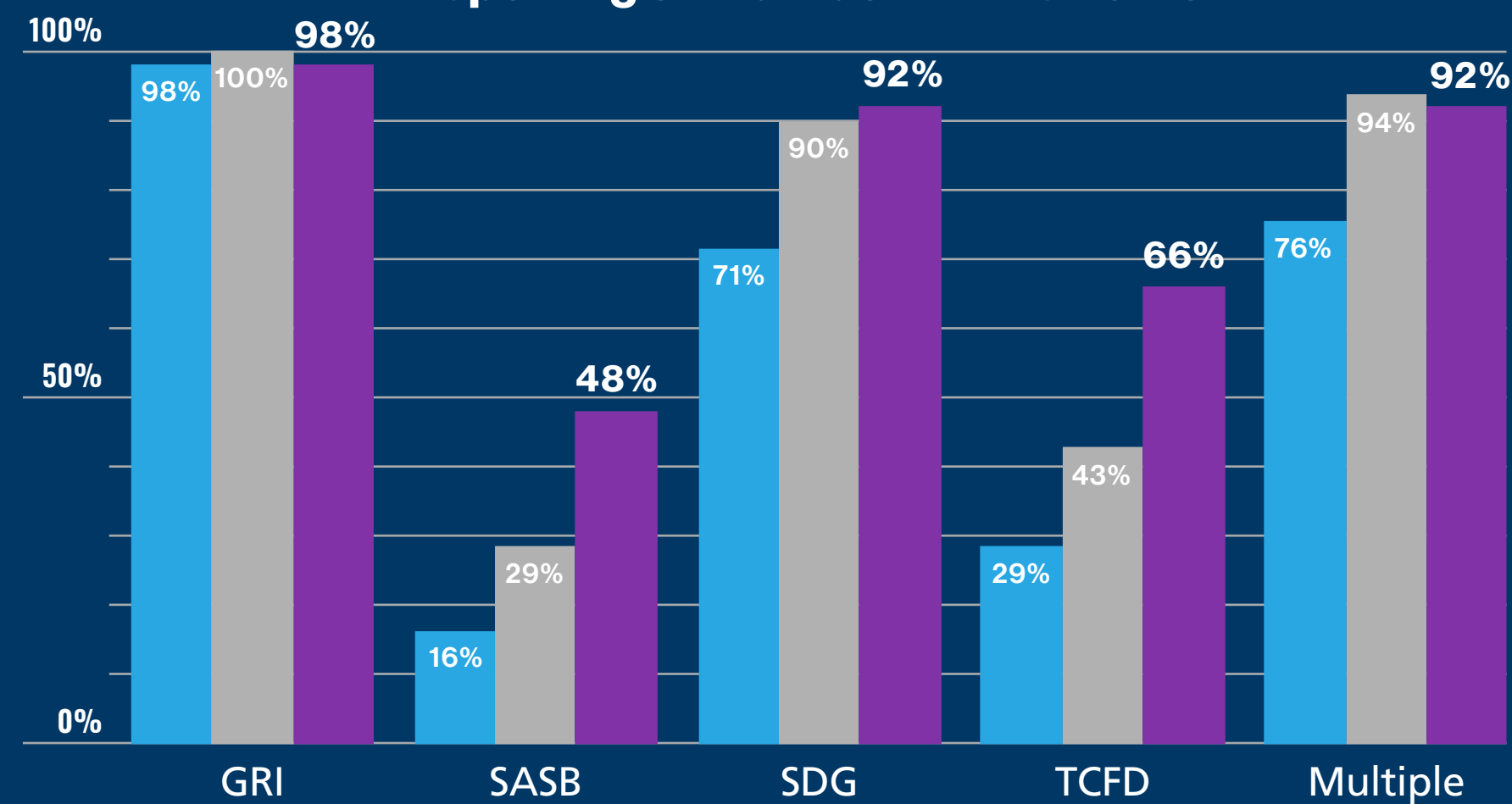
2021
100%
50 of 50



Legend: Sustainability (orange), Annual (blue), Integrated (green), No Report (grey)

Reporting standards / frameworks

2020
98%
49 of 50



2019
98%
49 of 50

SUSTAINABILITY ASSURANCE

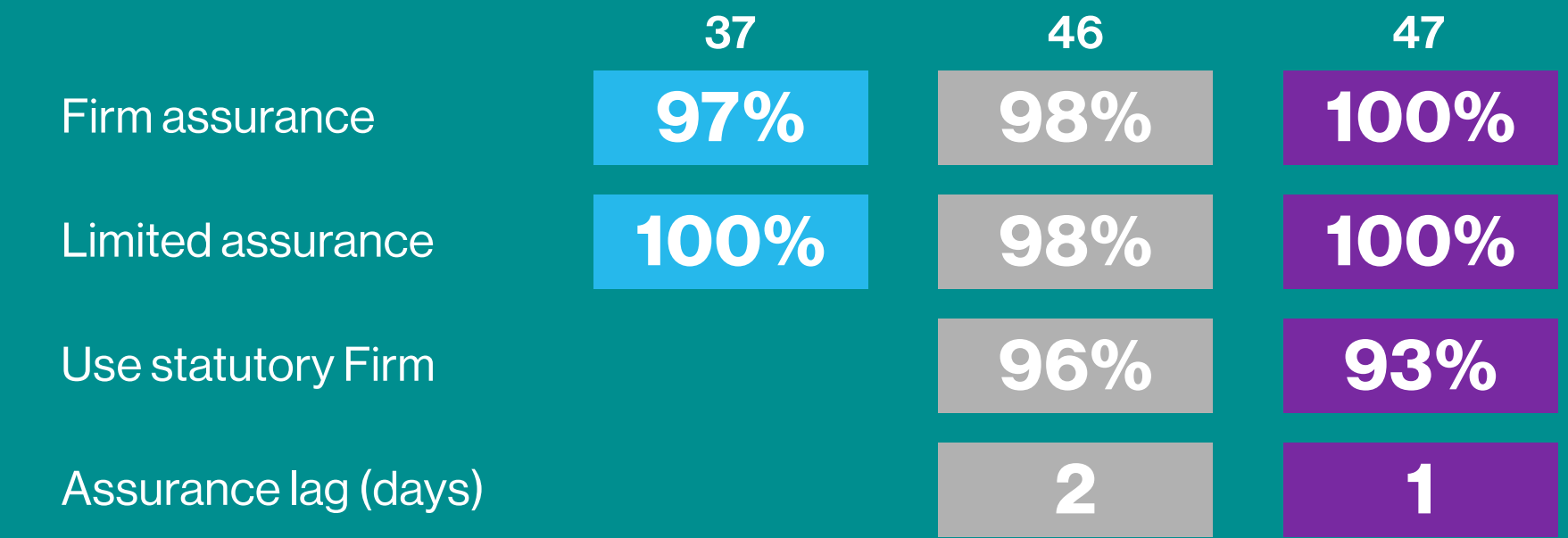
assured some ESG information

2021
94%
47 of 50

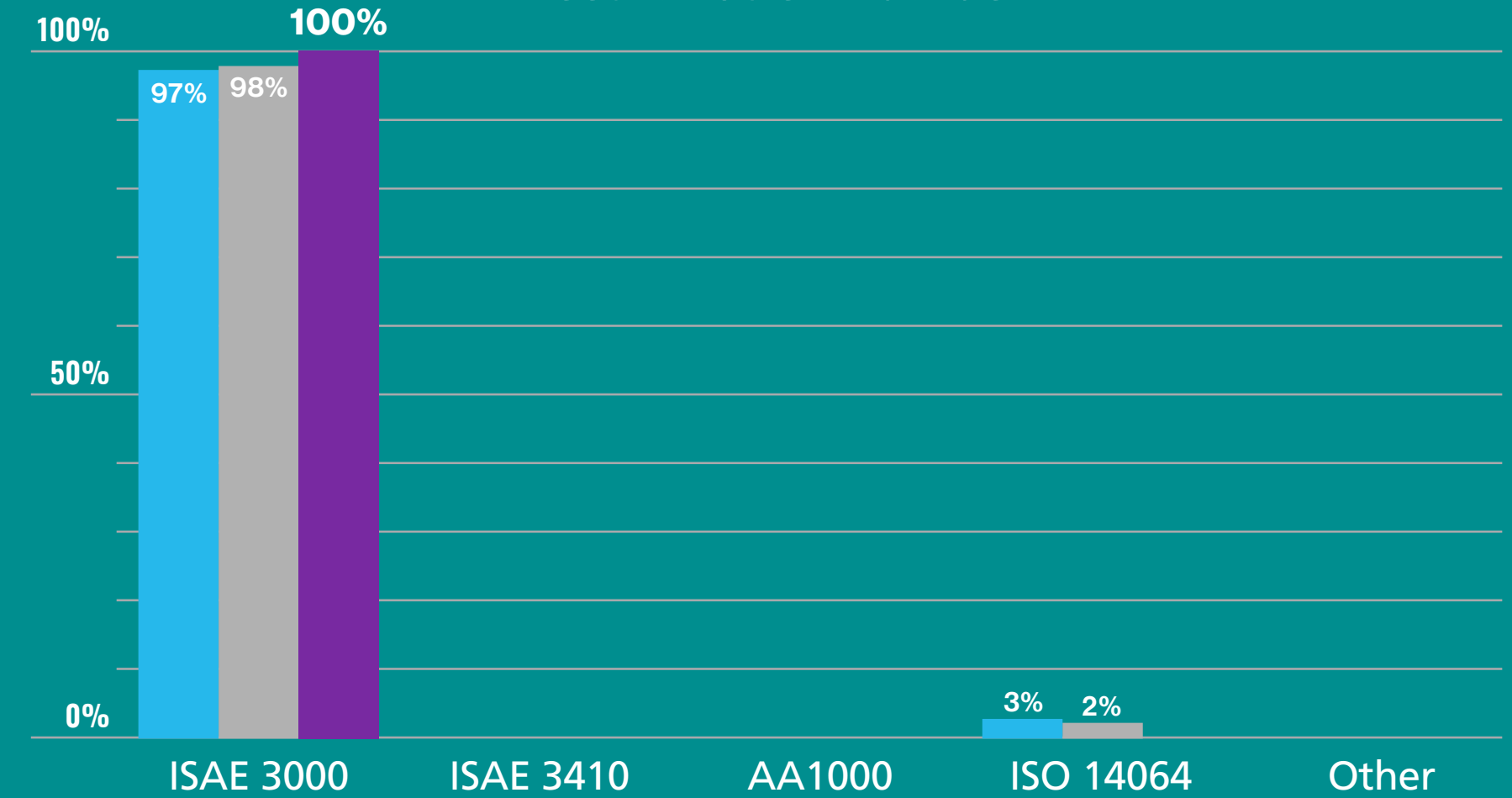
2020
90%
44 of 49

2019
73%
38 of 49

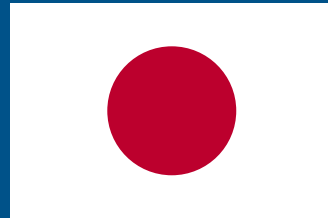
Number of assurance reports



Assurance standards



* A company may have more than one assurance report



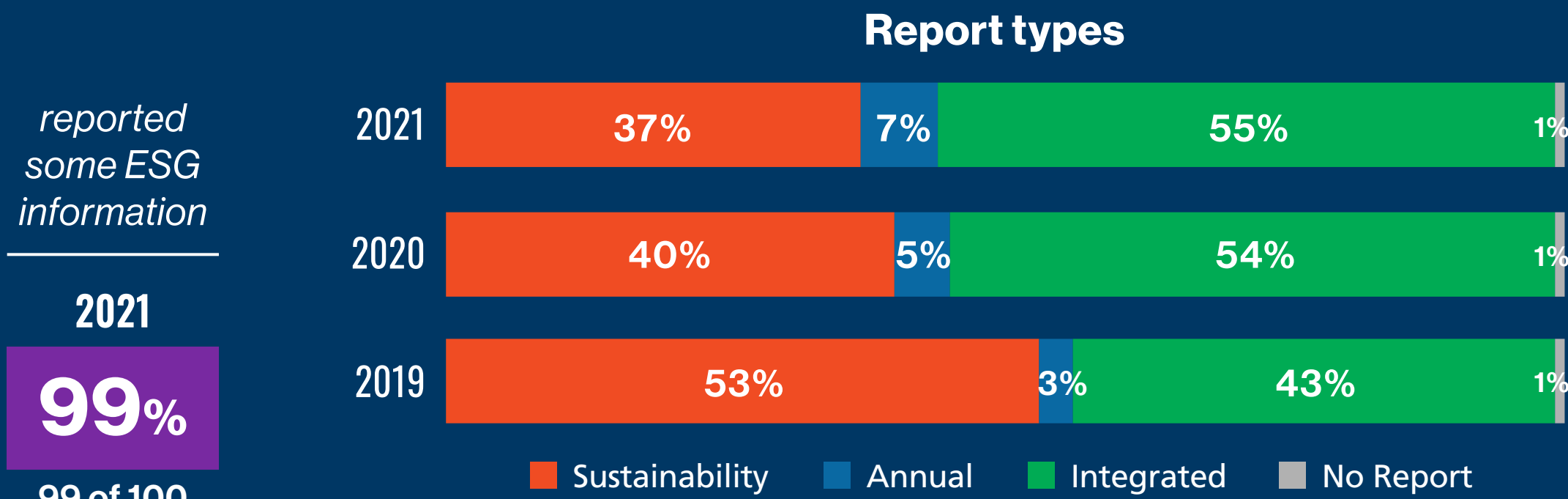
DISCLOSURE

- Highest use of Integrated Reports (55%) in Asia-Pacific

ASSURANCE

- Second highest use of ISO GHG assurance standards (48%) globally

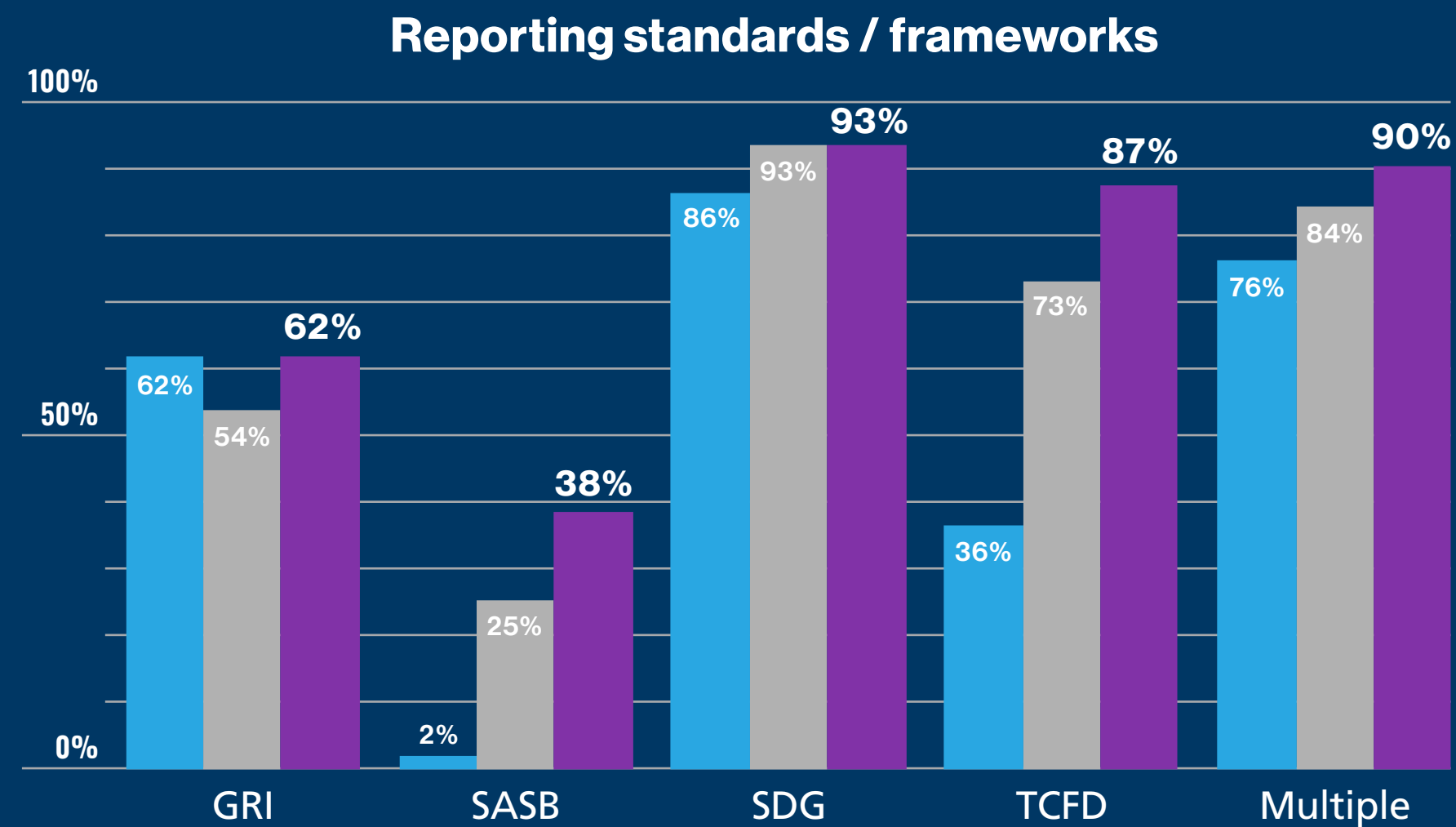
SUSTAINABILITY DISCLOSURE



2021
99%
99 of 100

2020
99%
99 of 100

2019
99%
99 of 100



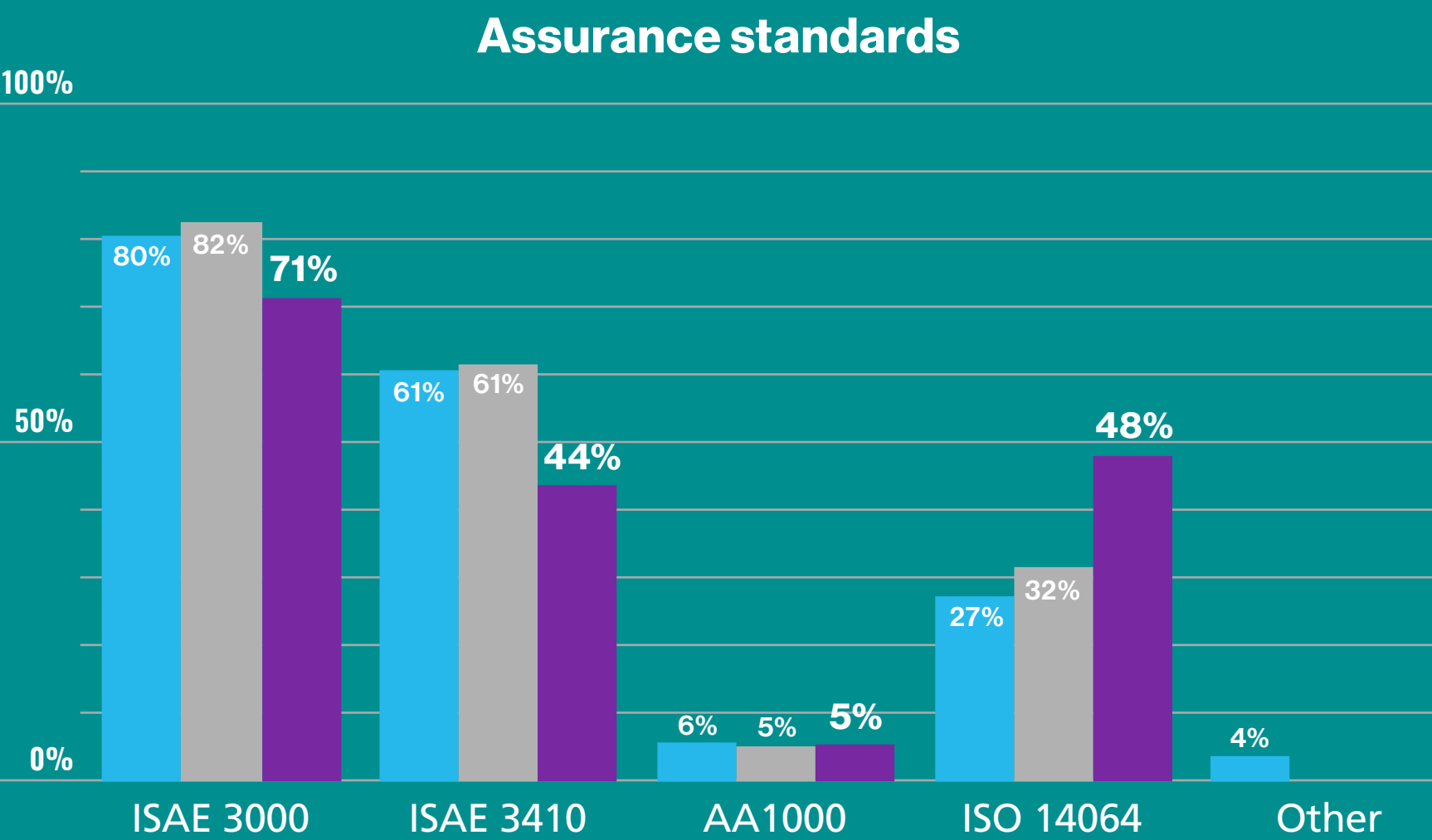
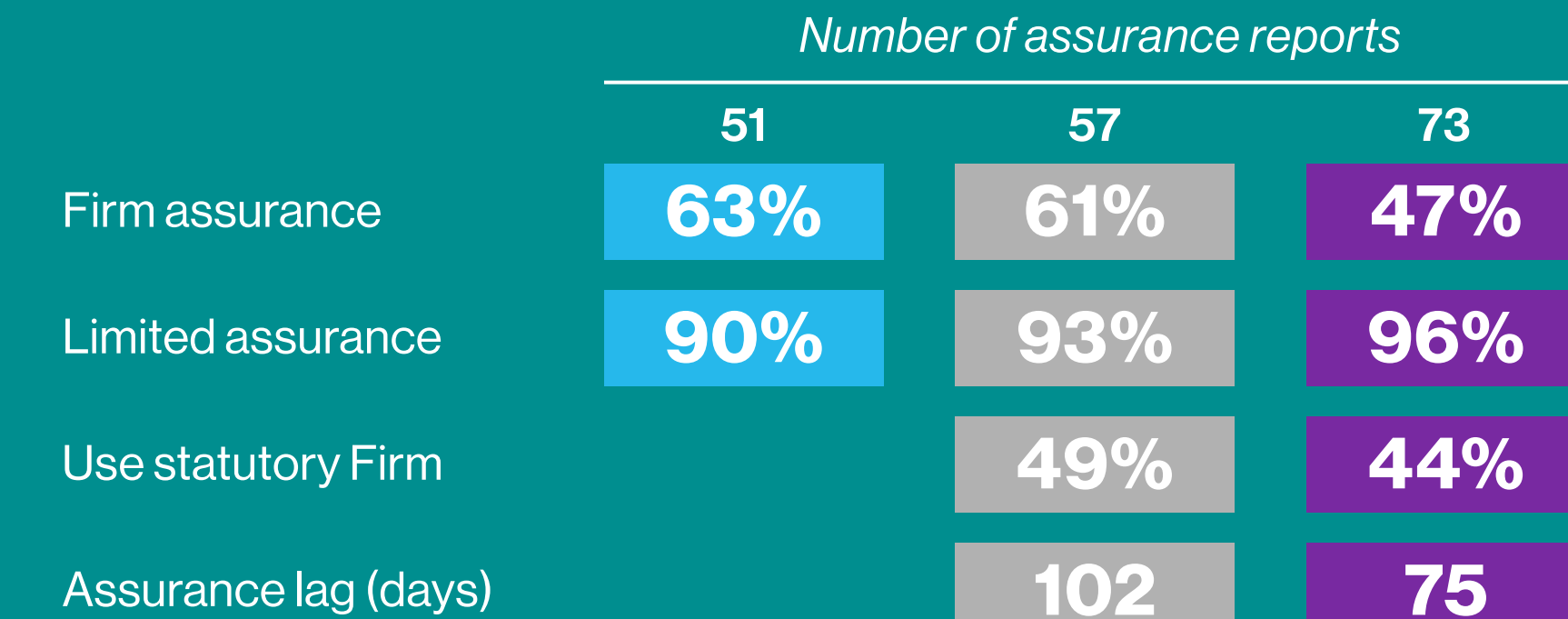
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
69%
68 of 99

2020
53%
52 of 99

2019
47%
47 of 99



* A company may have more than one assurance report



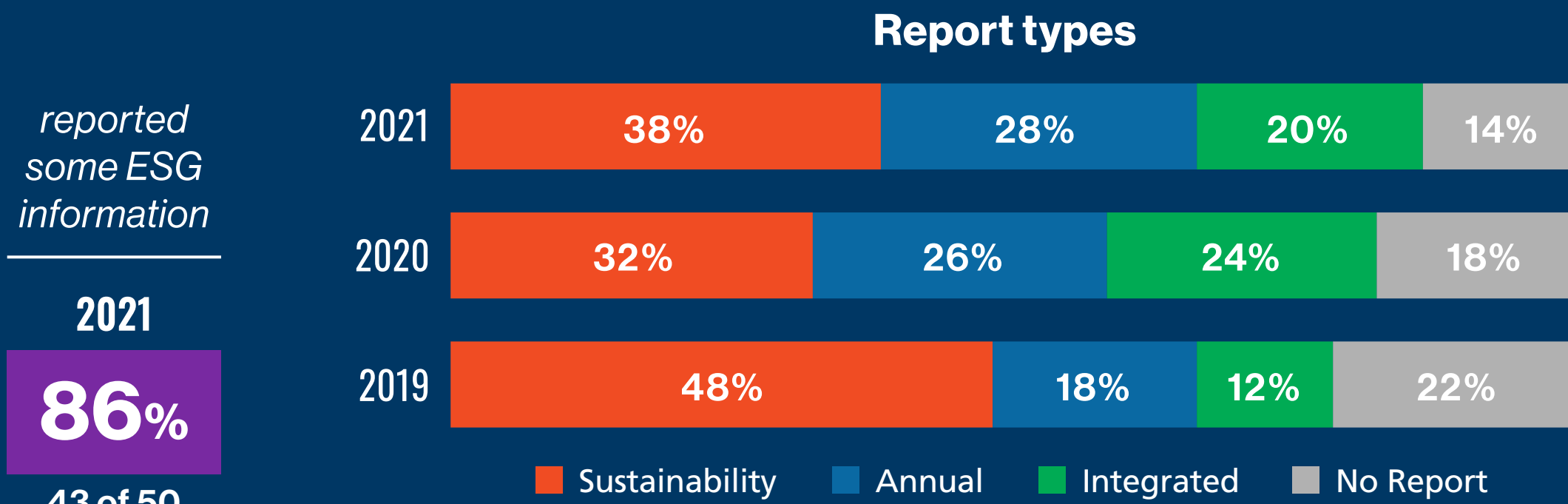
DISCLOSURE

- Third lowest rate (86%) of sustainability disclosure globally

ASSURANCE

- One of two jurisdictions with a decreased assurance rate (-2%)

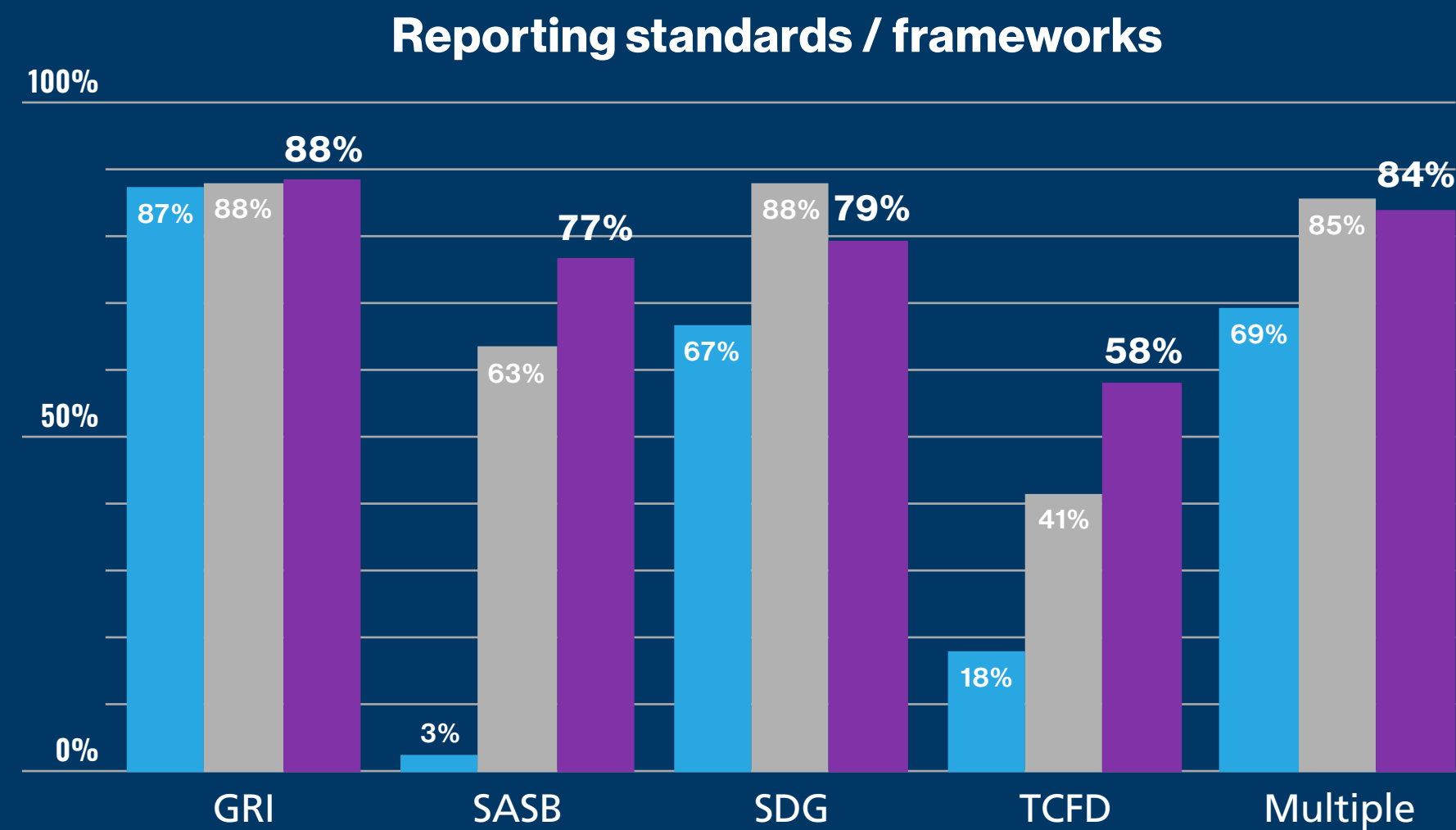
SUSTAINABILITY DISCLOSURE



2021
86%
43 of 50

2020
82%
41 of 50

2019
78%
39 of 50



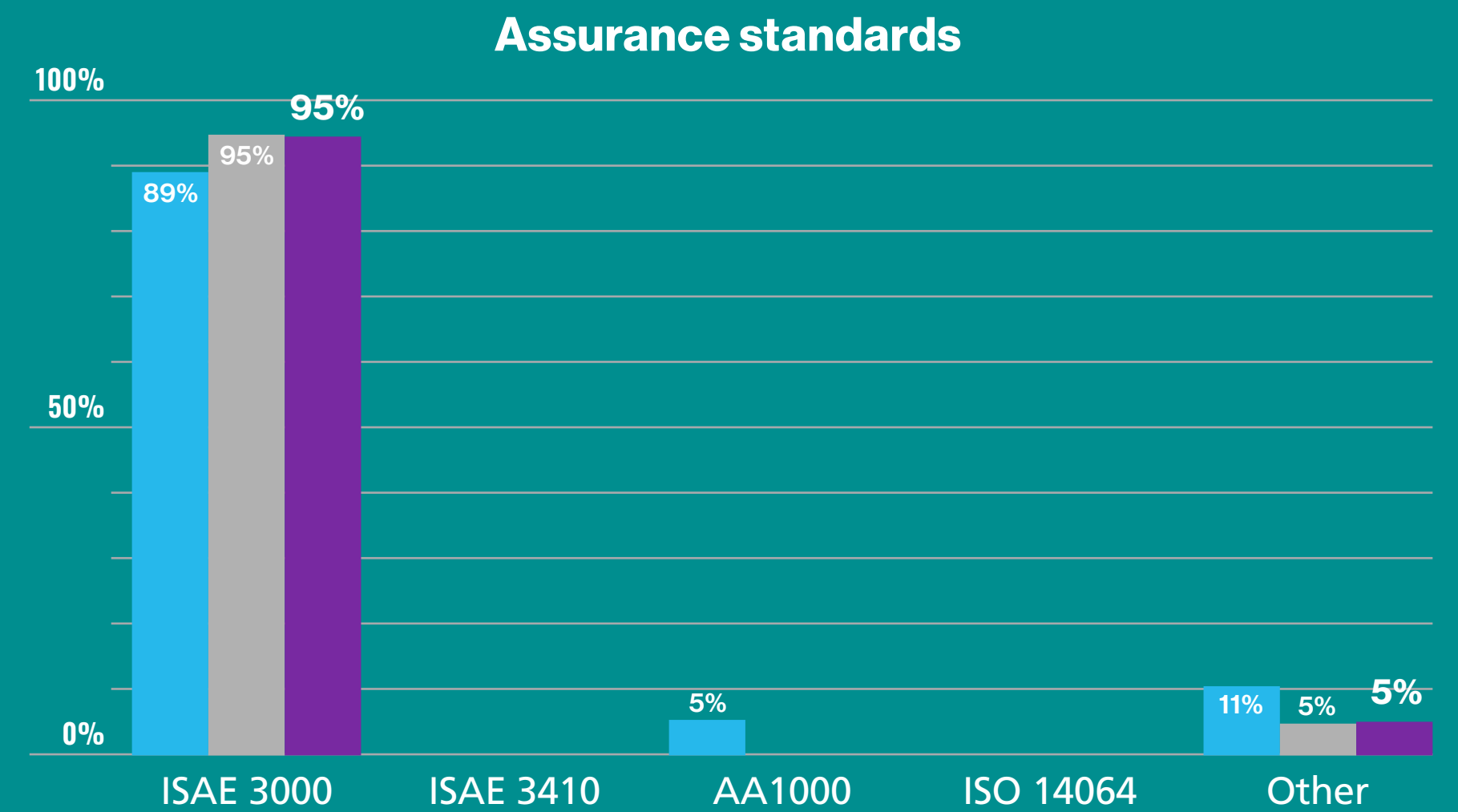
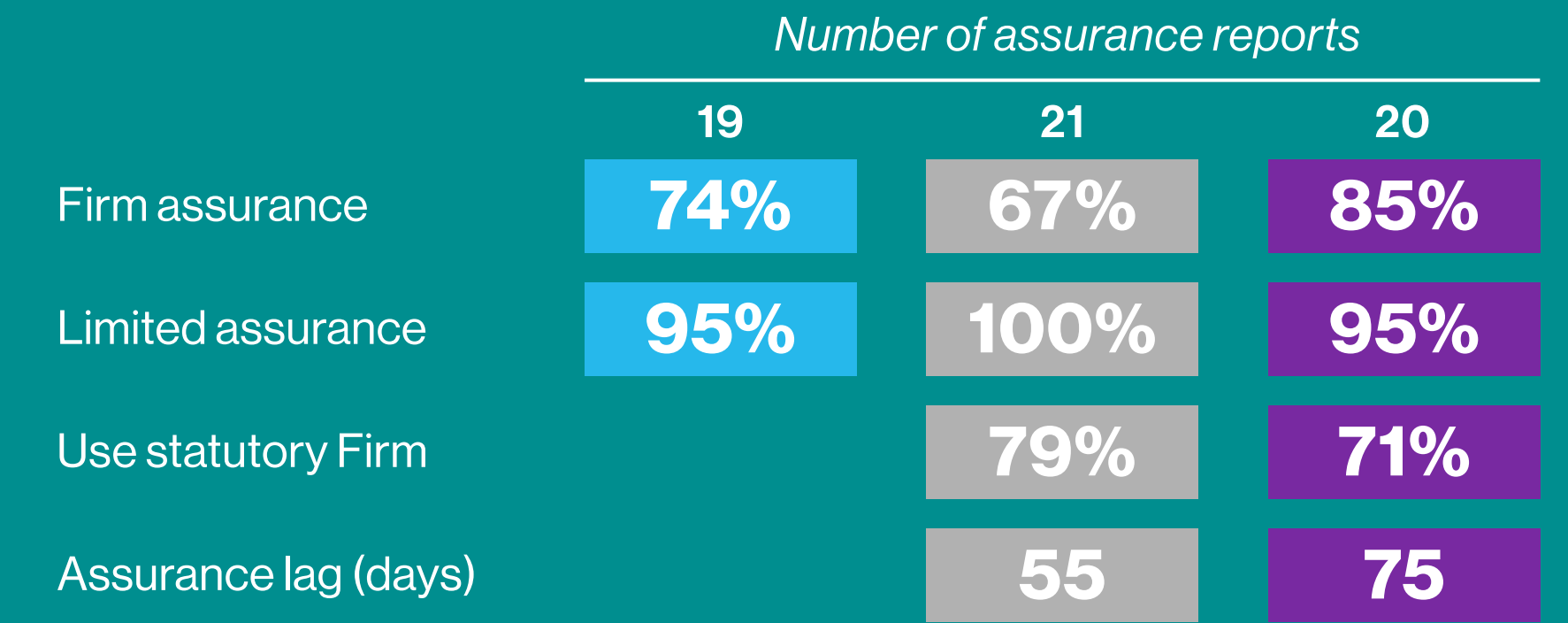
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
47%
20 of 43

2020
51%
21 of 41

2019
49%
19 of 39



* A company may have more than one assurance report



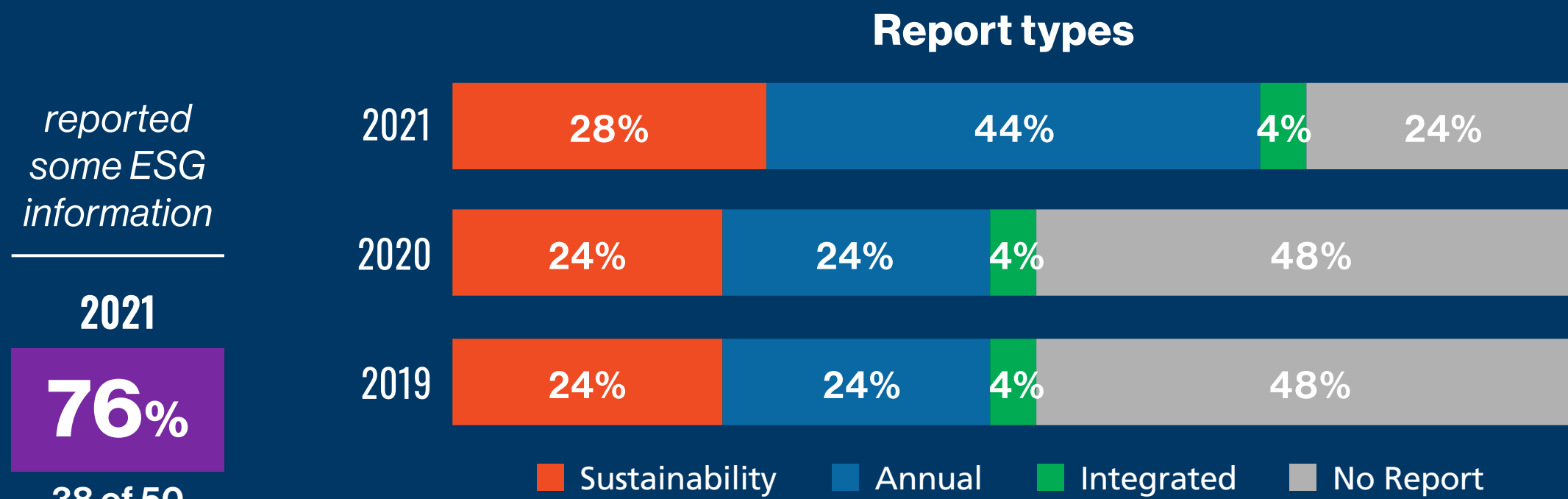
DISCLOSURE

- Largest three-year growth of sustainability reporting (24%) from 52% to 76%

ASSURANCE

- Lowest rate of sustainable assurance (13%) globally

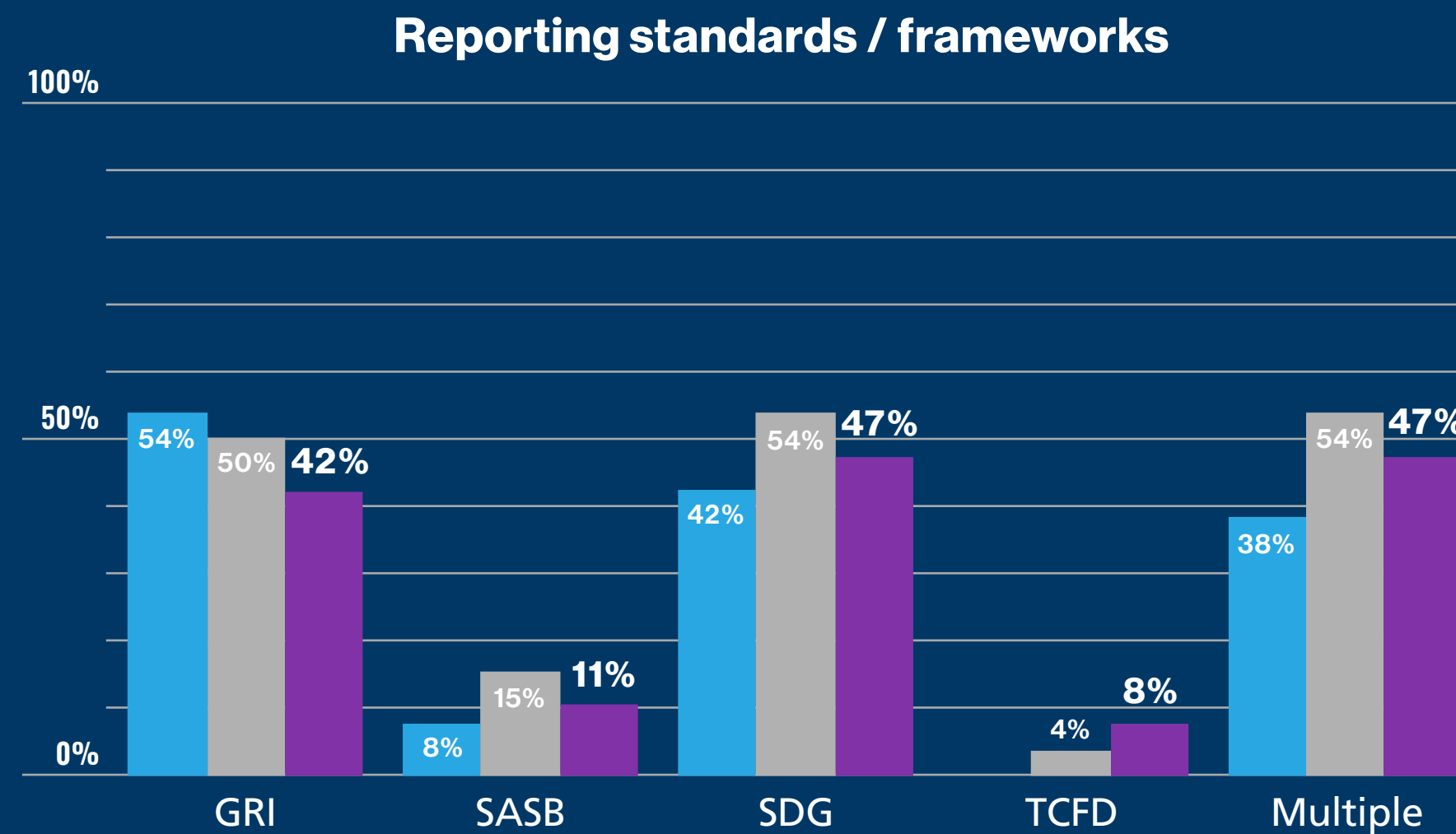
SUSTAINABILITY DISCLOSURE



2021
76%
38 of 50

2020
52%
26 of 50

2019
52%
26 of 50



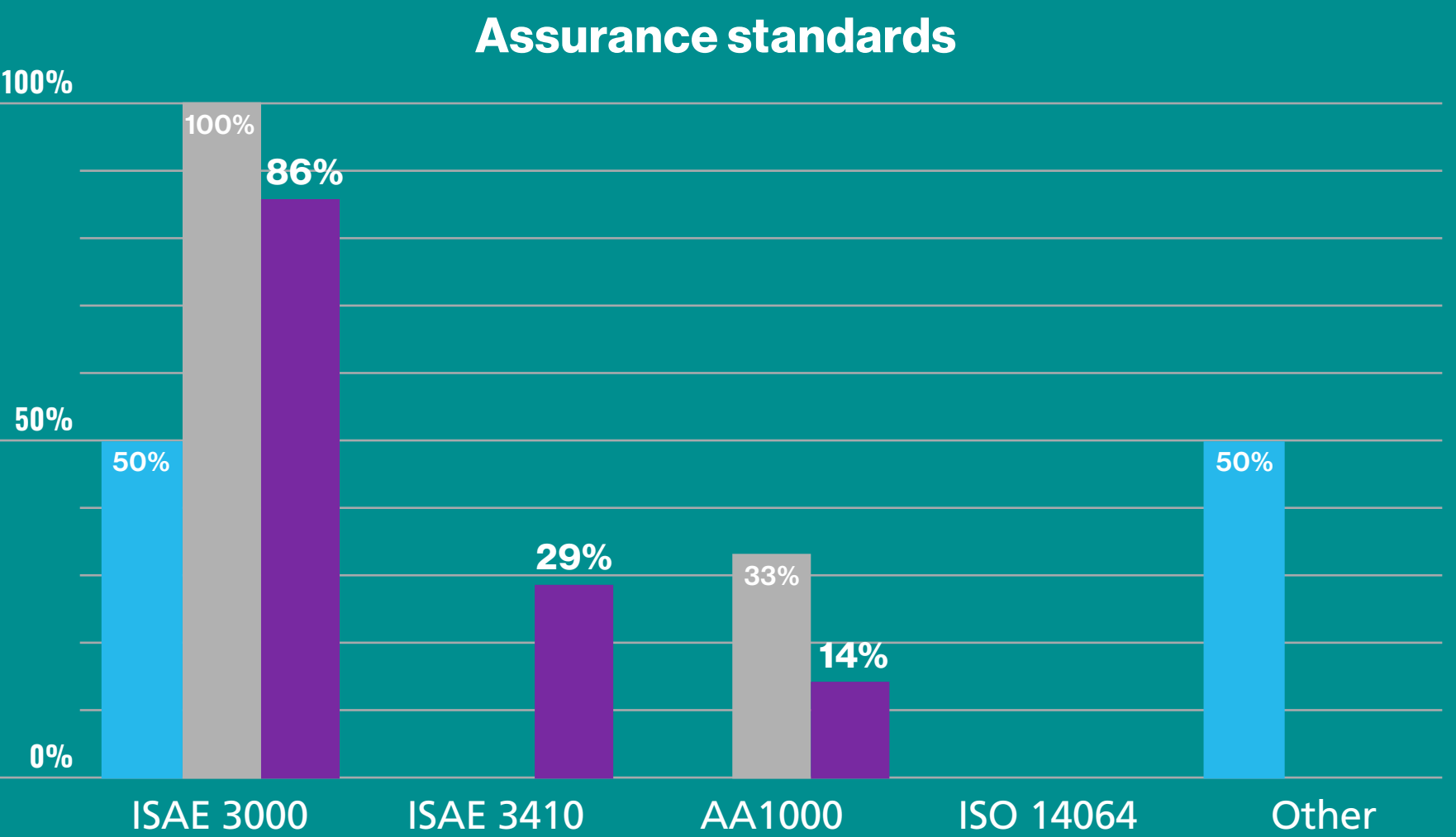
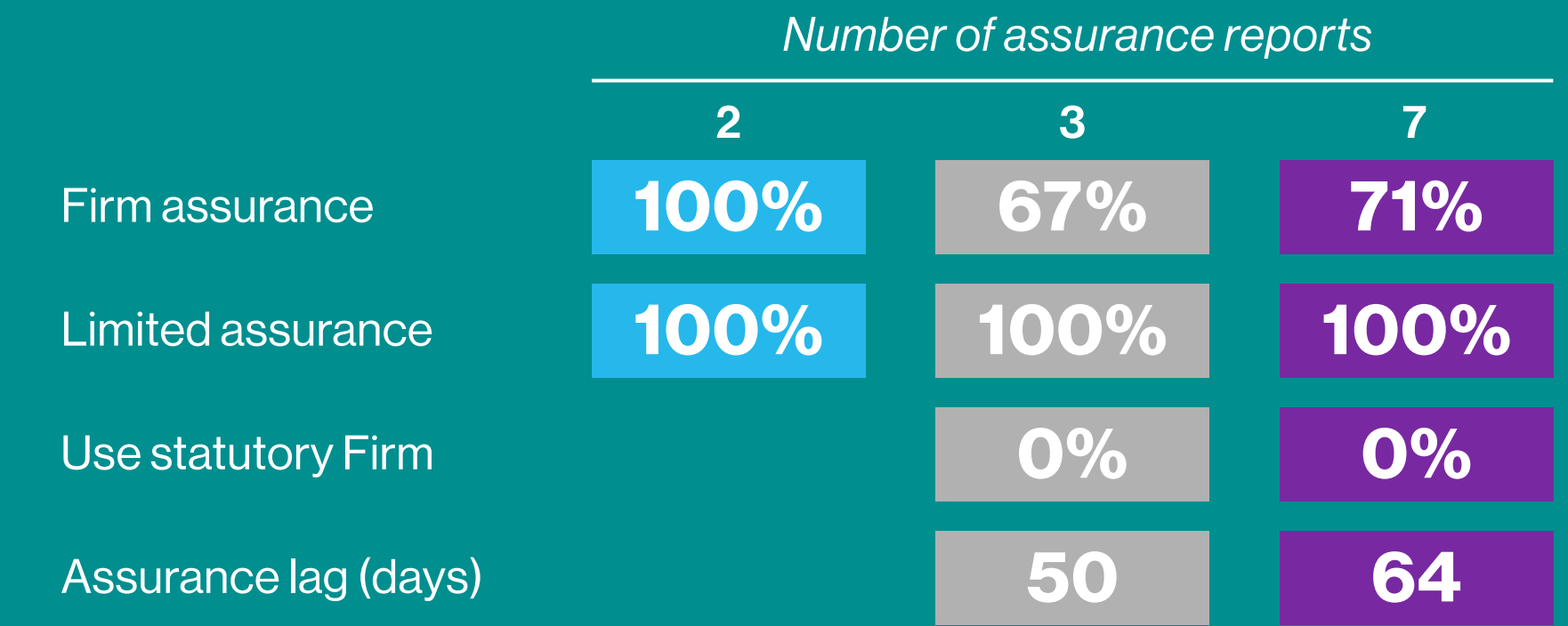
SUSTAINABILITY ASSURANCE

assured some ESG information

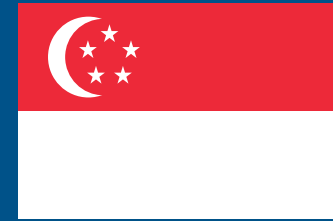
2021
13%
5 of 38

2020
12%
3 of 26

2019
8%
2 of 26



* A company may have more than one assurance report



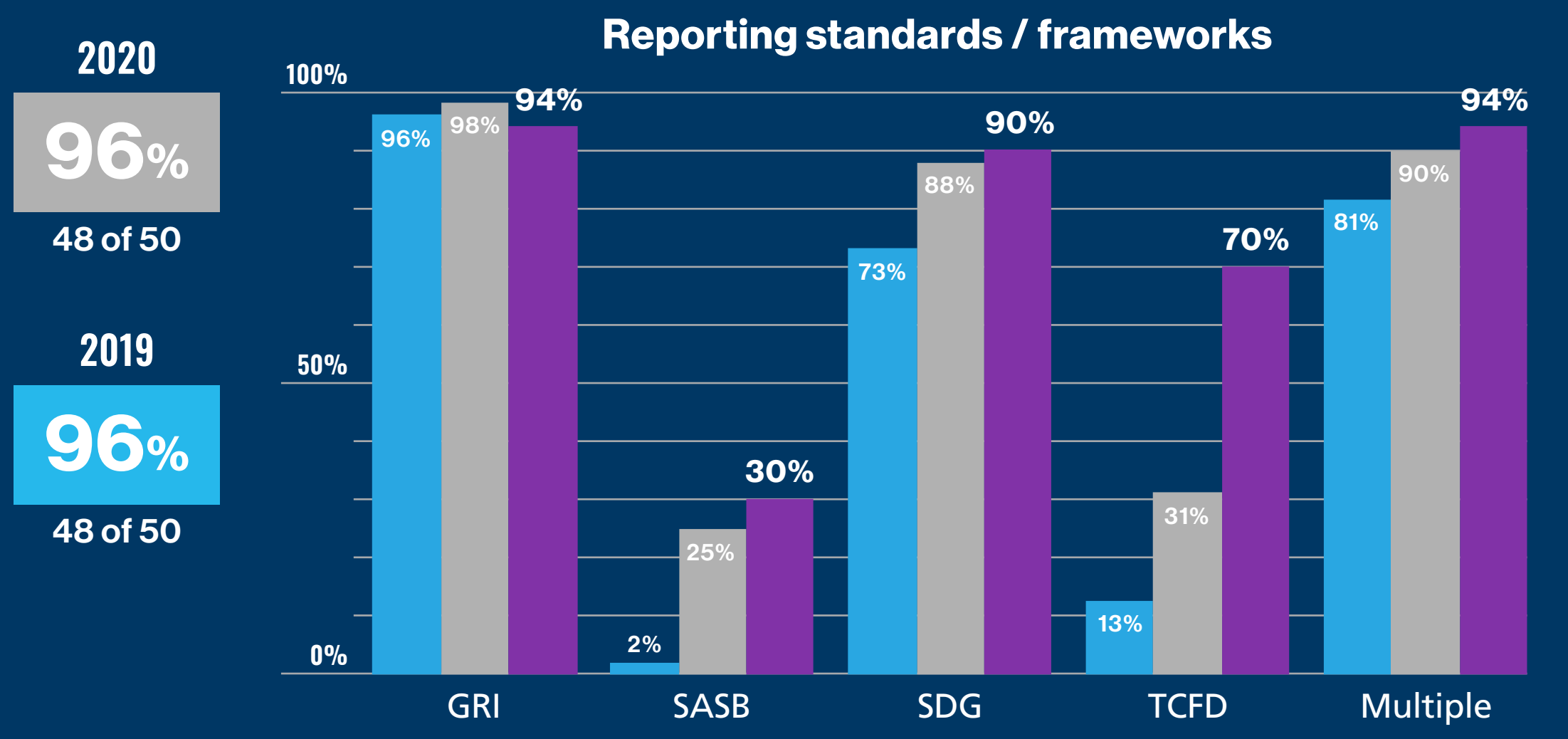
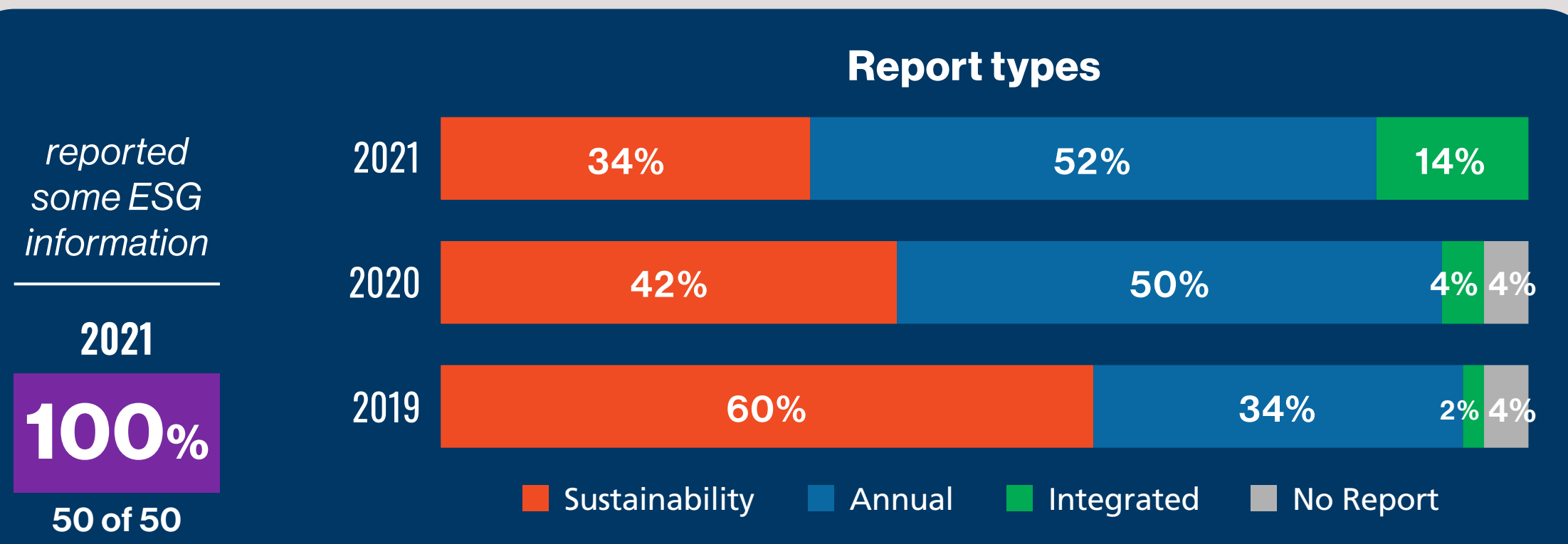
DISCLOSURE

- Second largest three-year decline (26%) in use of standalone Sustainability Reports

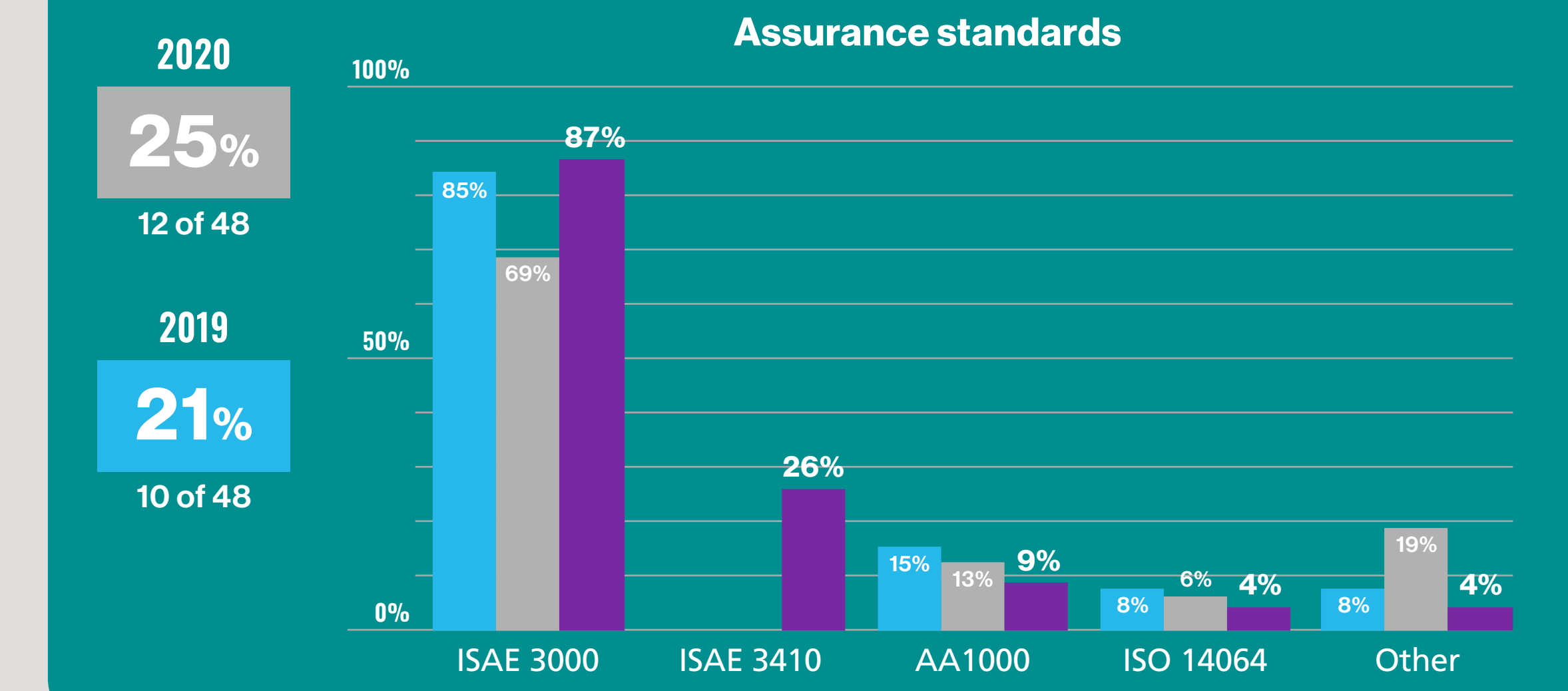
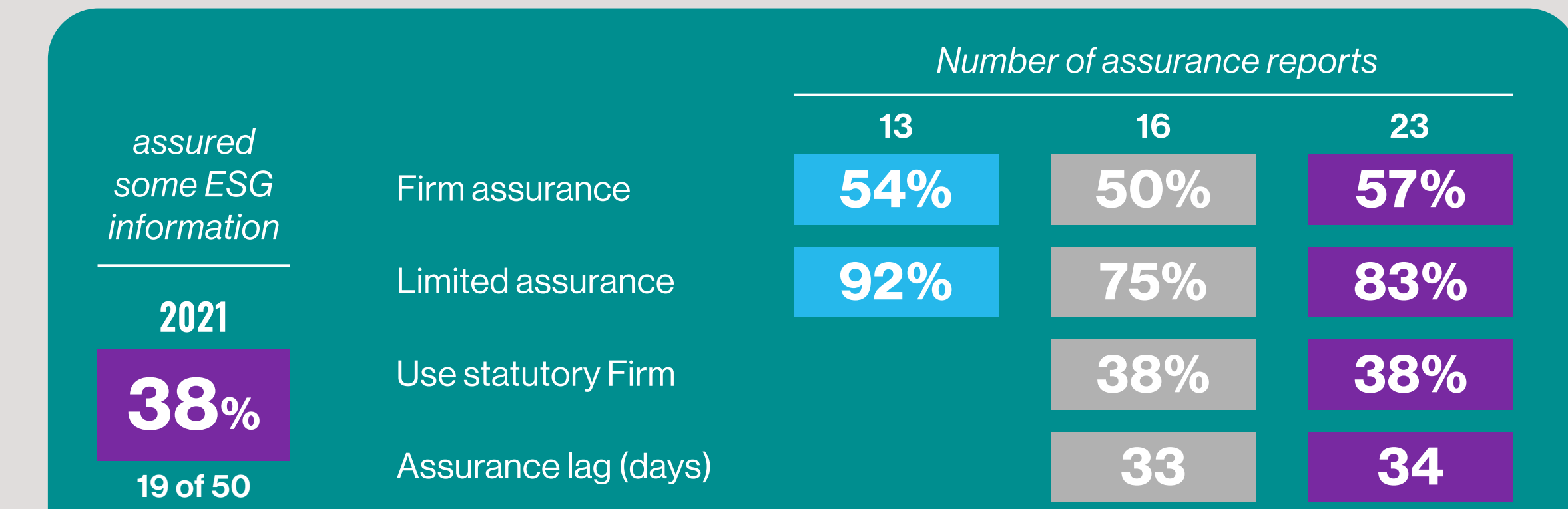
ASSURANCE

- Second highest audit firm market share (57%) in Asia-Pacific

SUSTAINABILITY DISCLOSURE



SUSTAINABILITY ASSURANCE



* A company may have more than one assurance report



DISCLOSURE

- Highest use of Integrated Reports (88%), globally

ASSURANCE

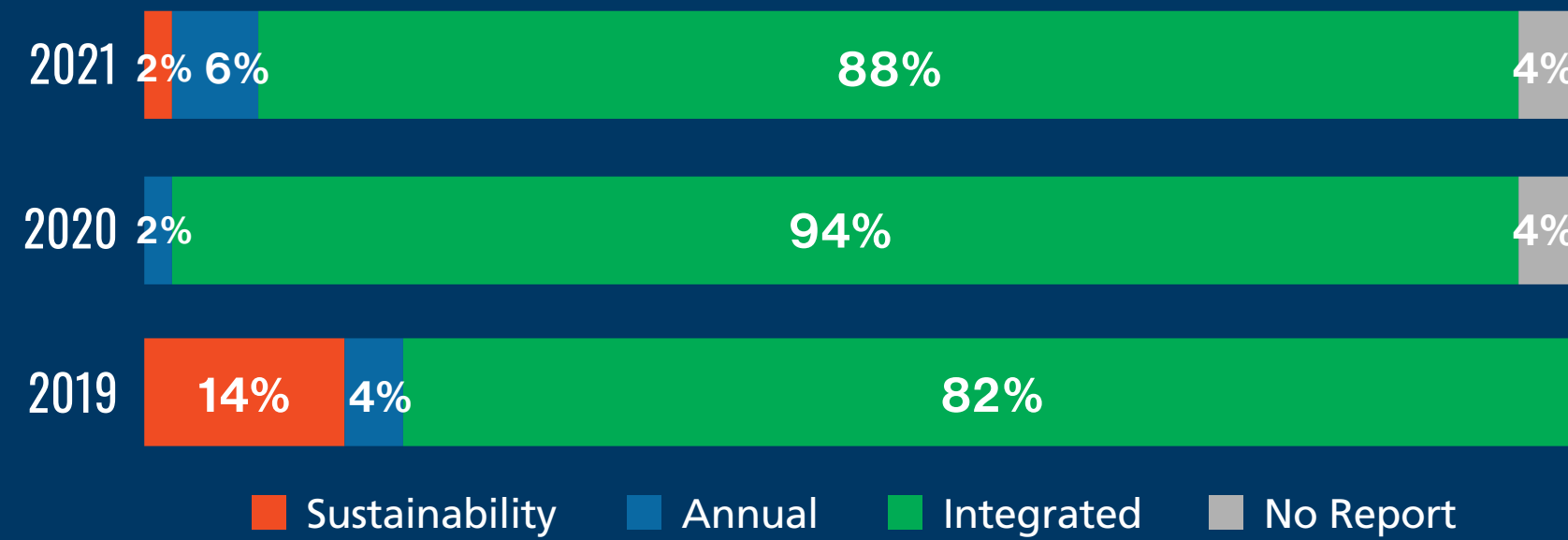
- Largest decrease in the use of ISAE 3000(R) (33%) globally

SUSTAINABILITY DISCLOSURE

Report types

reported some ESG information

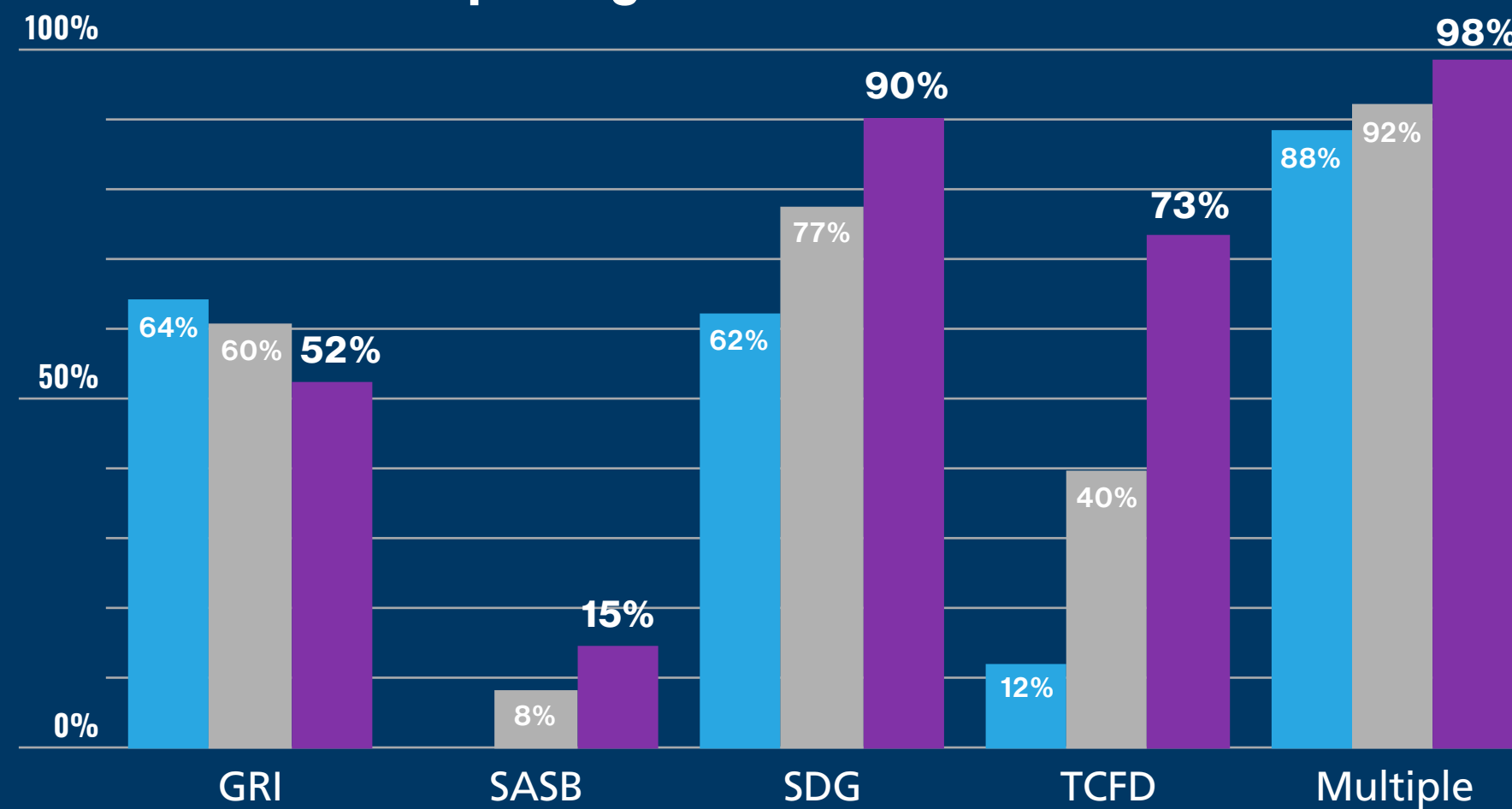
2021
96%
48 of 50



Reporting standards / frameworks

2020
96%
48 of 50

2019
100%
50 of 50



SUSTAINABILITY ASSURANCE

assured some ESG information

2021
63%
30 of 48

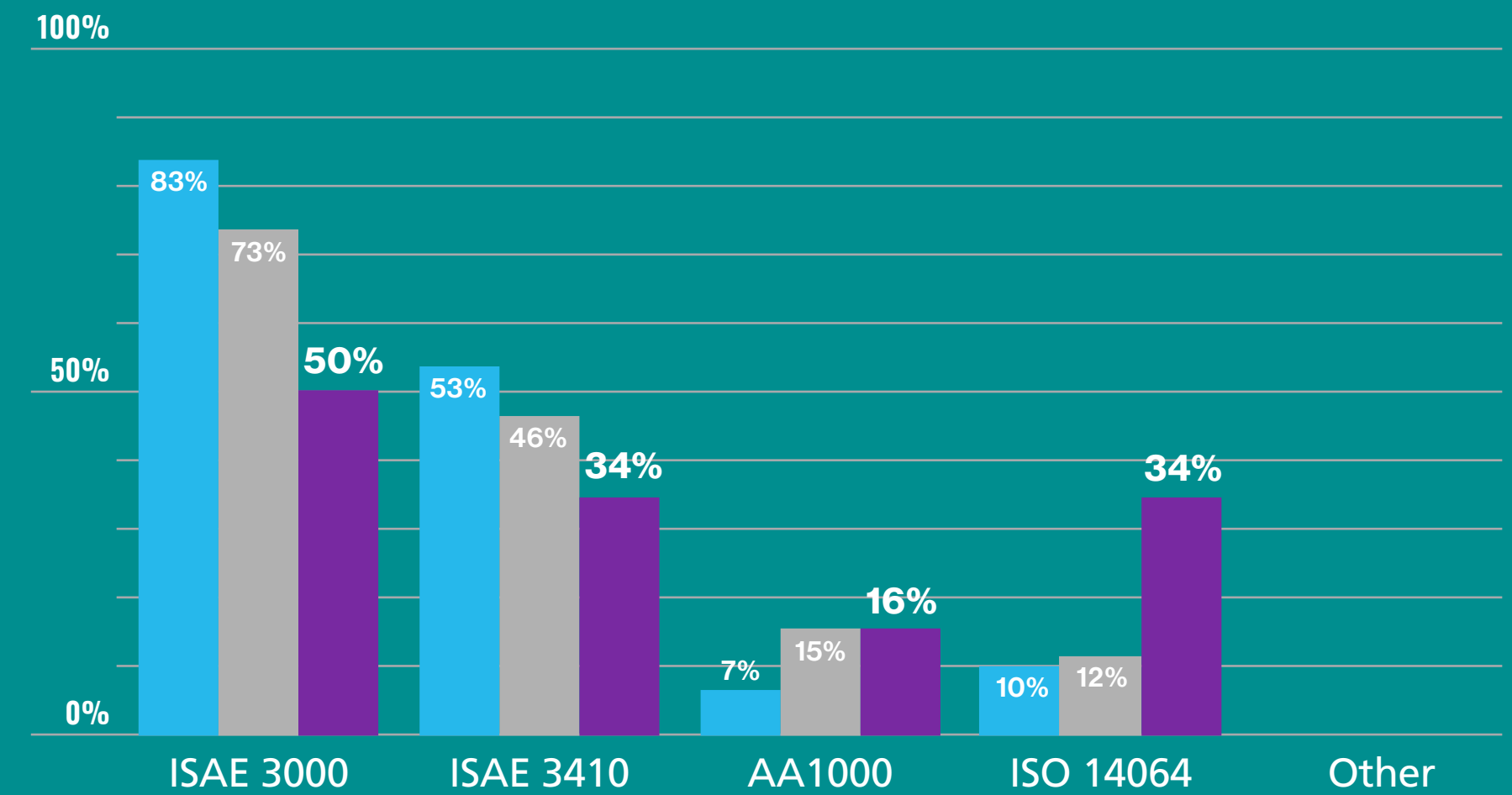
2020
54%
26 of 48

2019
54%
27 of 50

Number of assurance reports

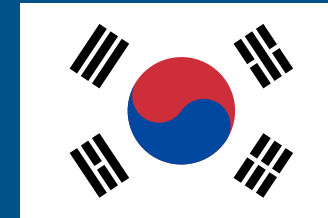
	2021	2020	2019
Firm assurance	67%	65%	47%
Limited assurance	87%	81%	75%
Use statutory Firm		56%	67%
Assurance lag (days)		30	54

Assurance standards



* A company may have more than one assurance report

SOUTH KOREA



Region:
ASIA-PACIFIC

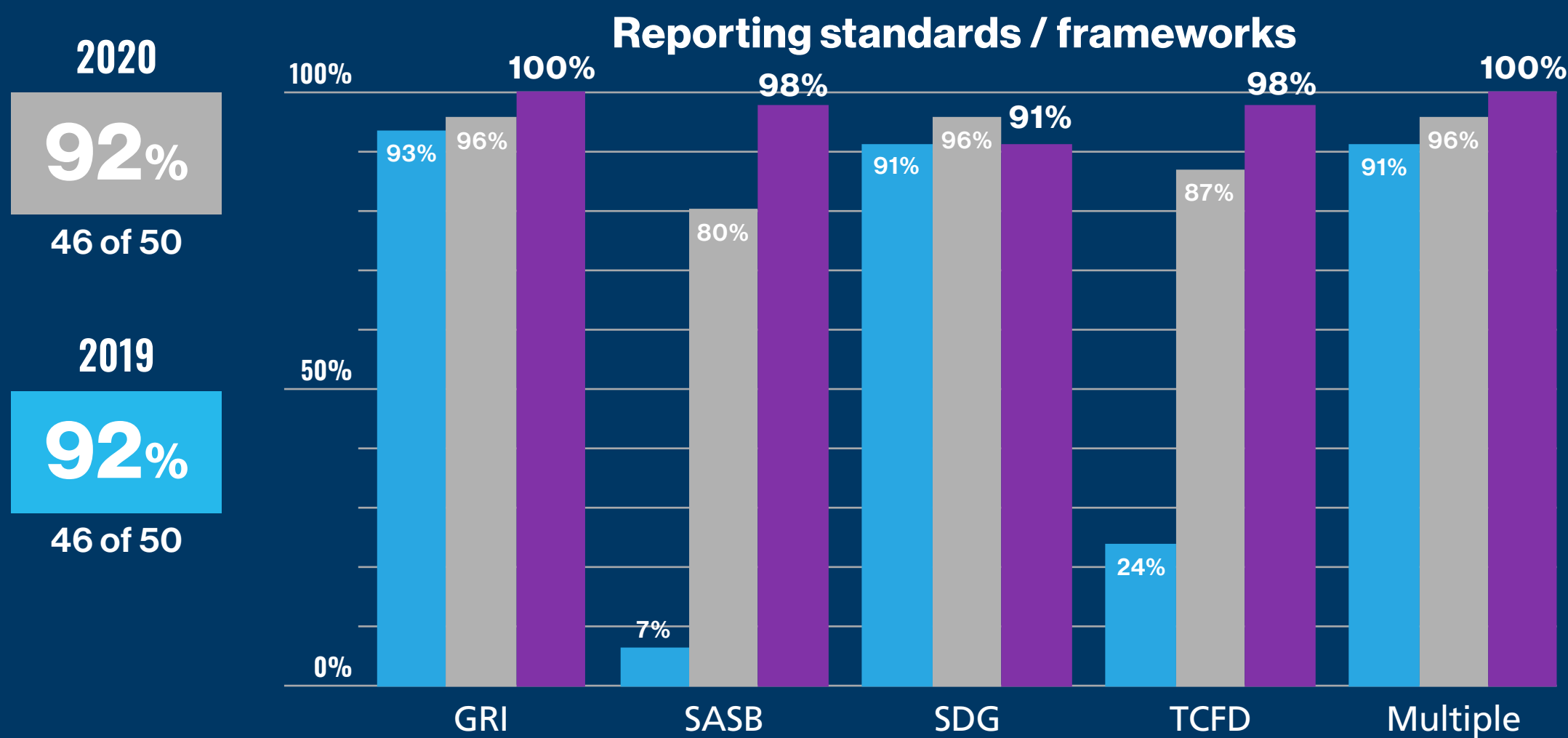
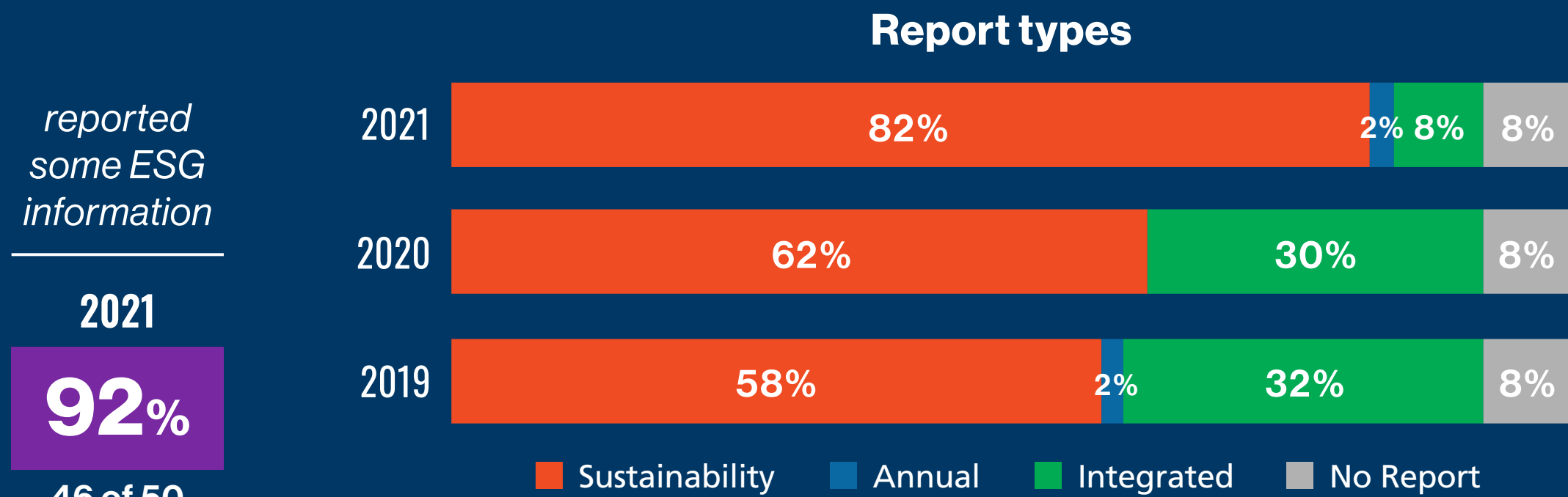
DISCLOSURE

- 89% of companies that disclosed sustainability information incorporated all four reporting standards / frameworks

ASSURANCE

- Most companies with more than one assurance report

SUSTAINABILITY DISCLOSURE



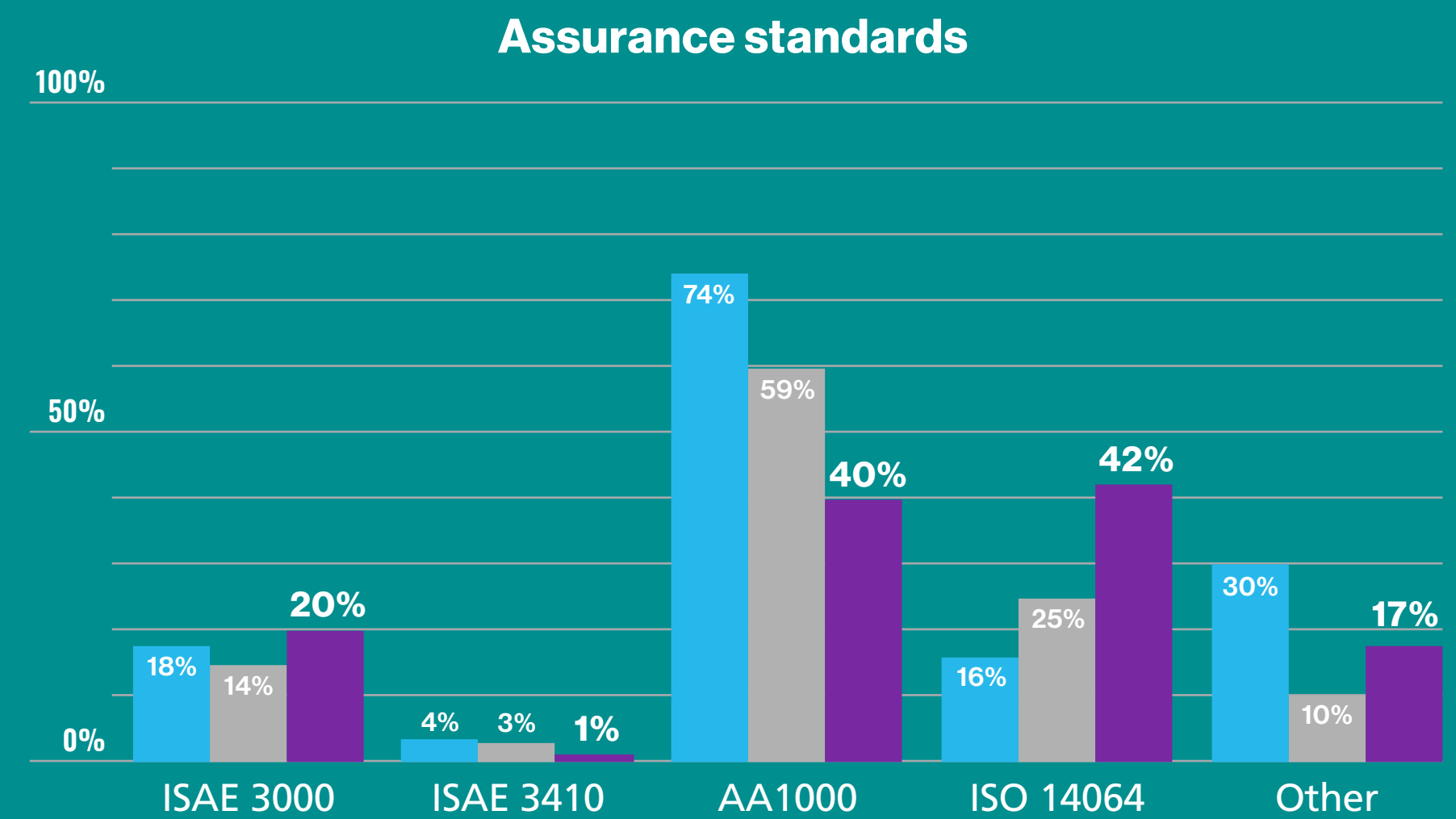
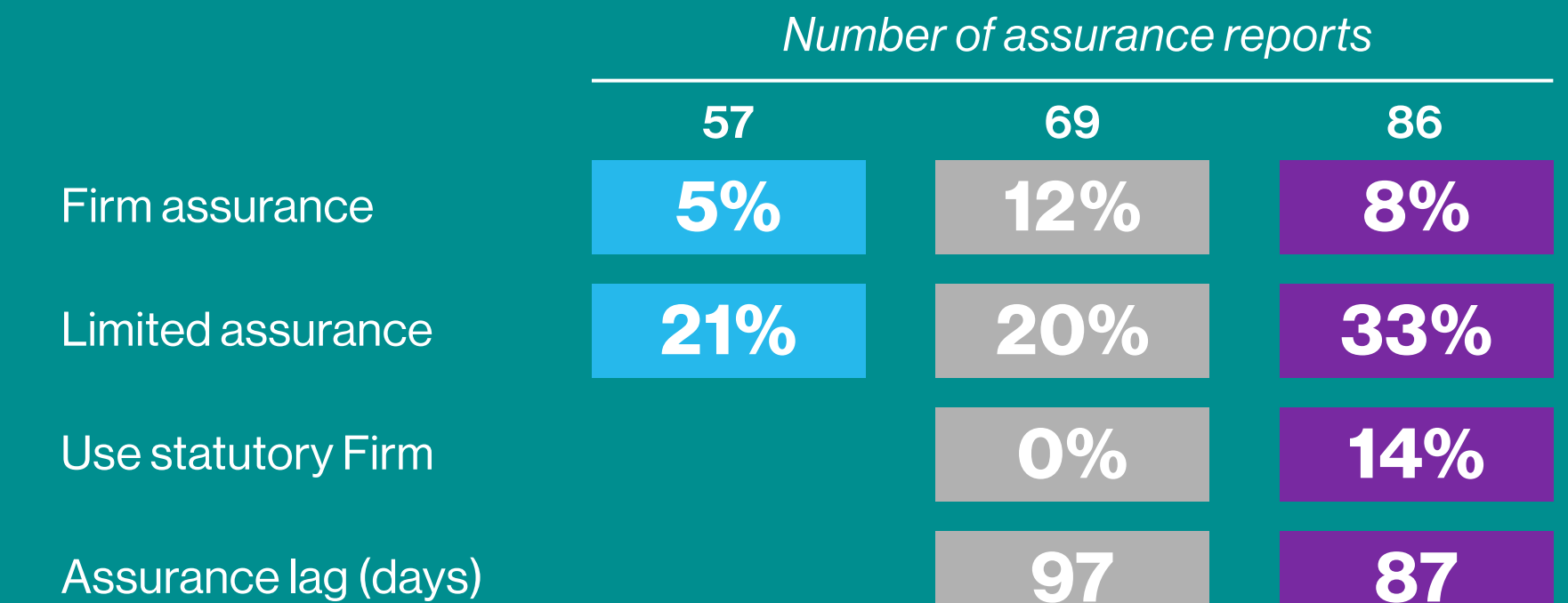
SUSTAINABILITY ASSURANCE

assured some ESG information

2021: 100% (46 of 46)

2020: 98% (45 of 46)

2019: 93% (43 of 46)



* A company may have more than one assurance report



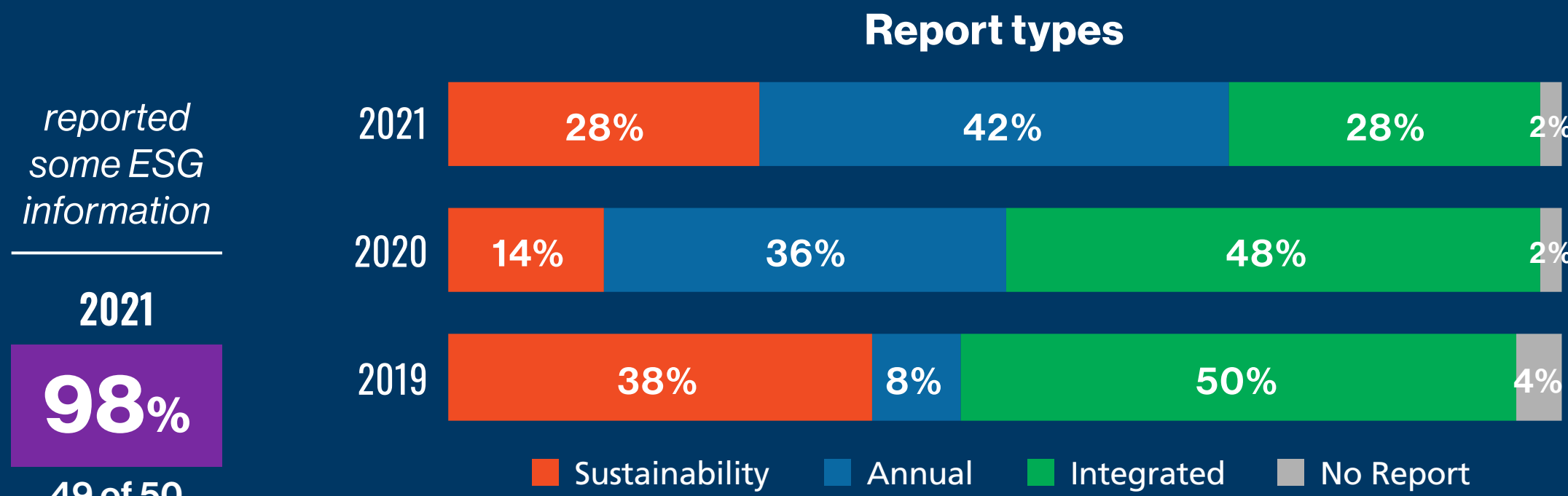
DISCLOSURE

- Second largest three-year growth of Annual Reports (34%) from 8% to 42%

ASSURANCE

- Tied for second highest audit firm assurance market share (98%) globally

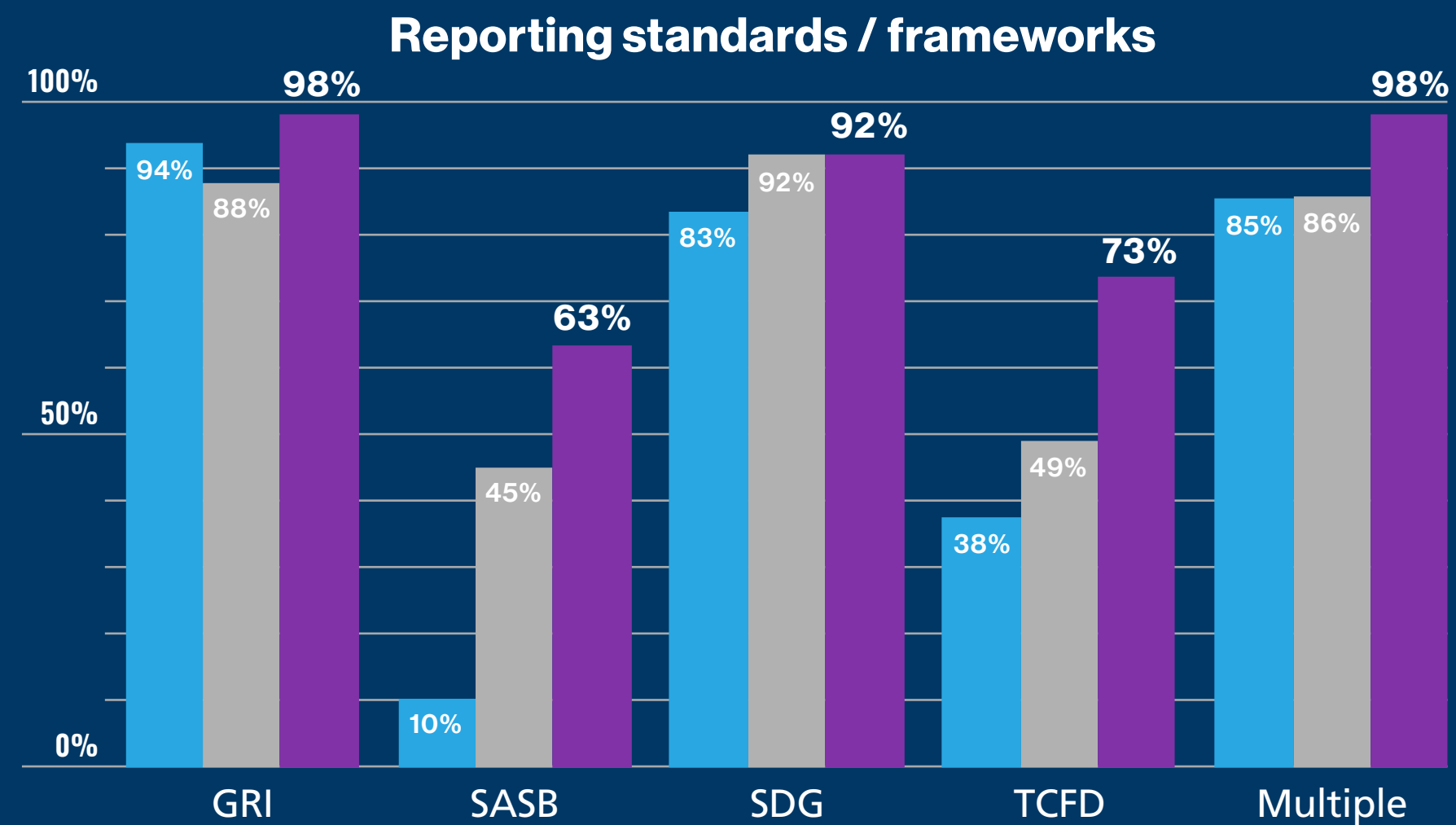
SUSTAINABILITY DISCLOSURE



2021
98%
49 of 50

2020
98%
49 of 50

2019
96%
48 of 50



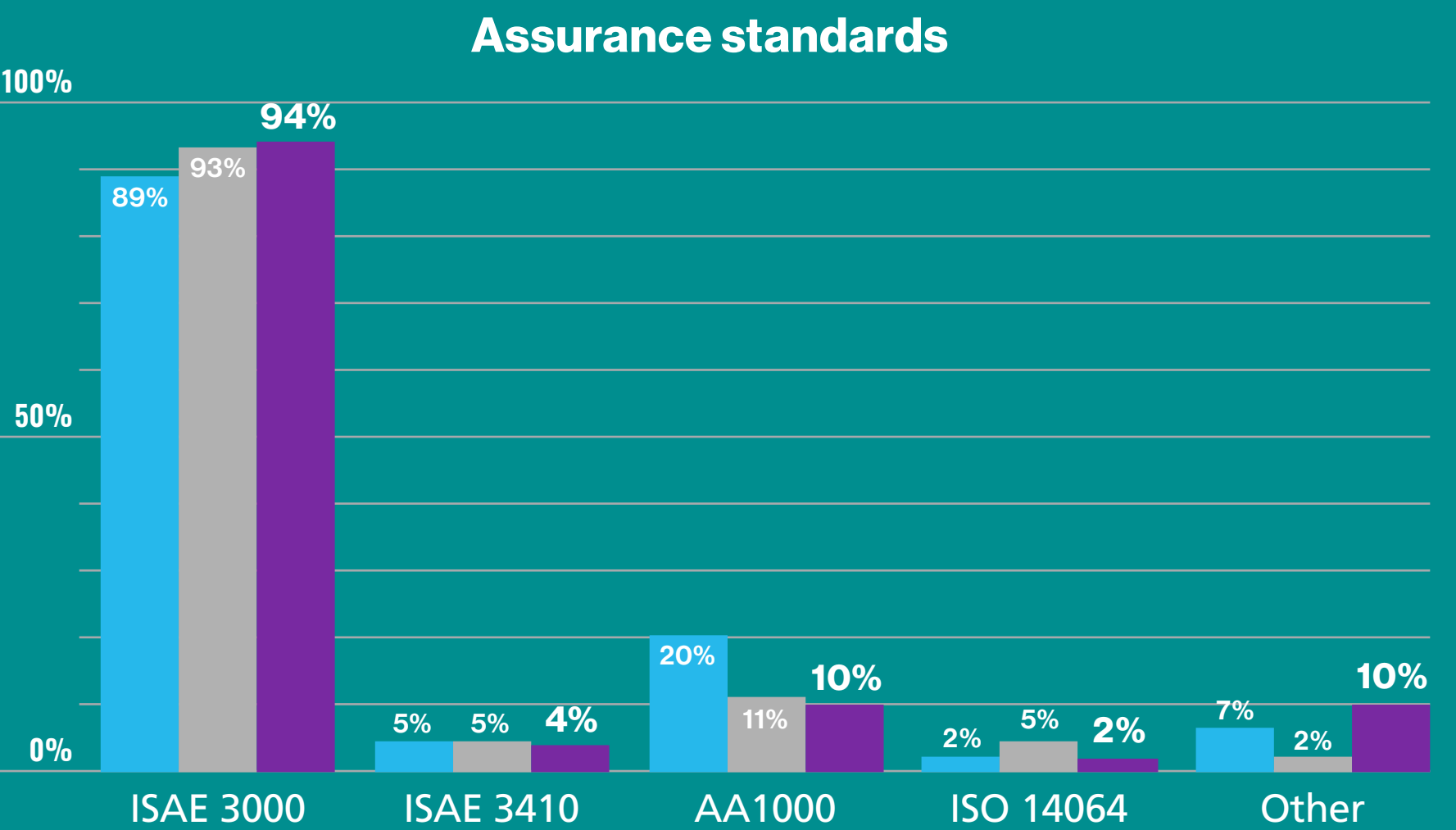
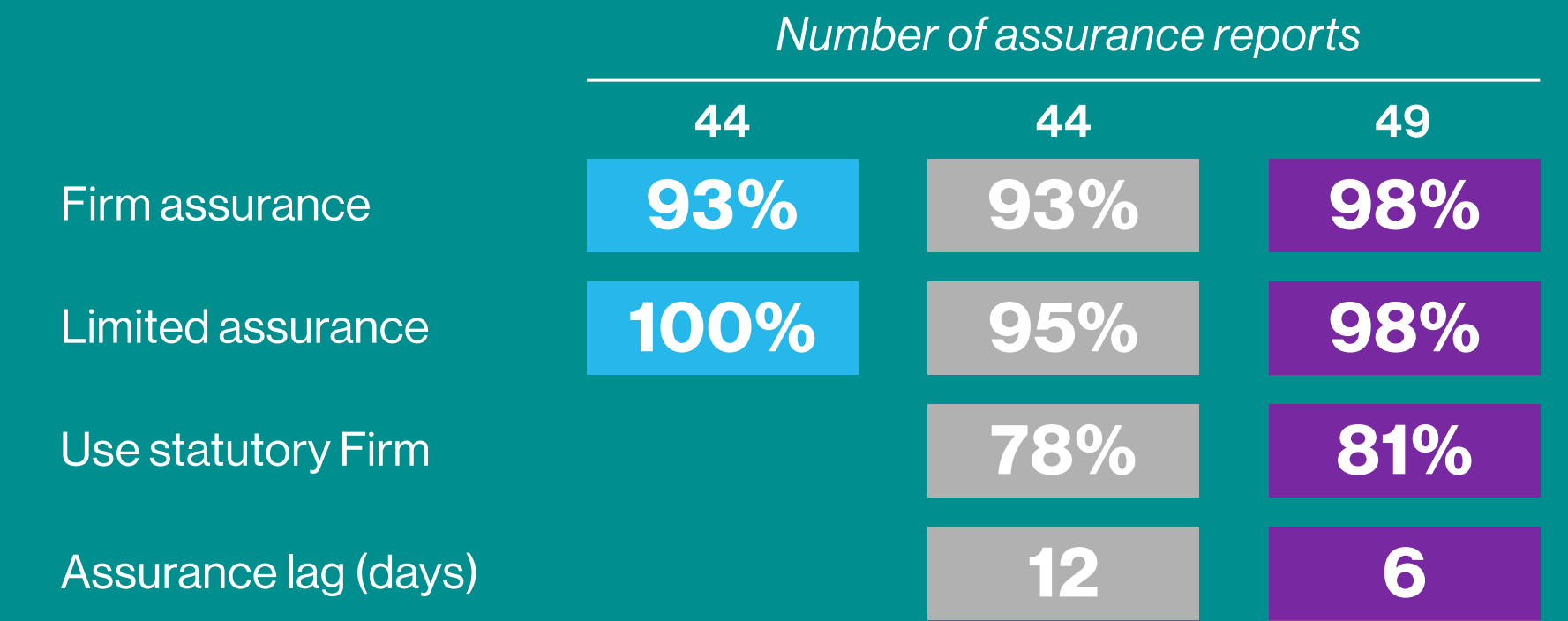
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
94%
46 of 49

2020
86%
42 of 49

2019
85%
41 of 48



* A company may have more than one assurance report



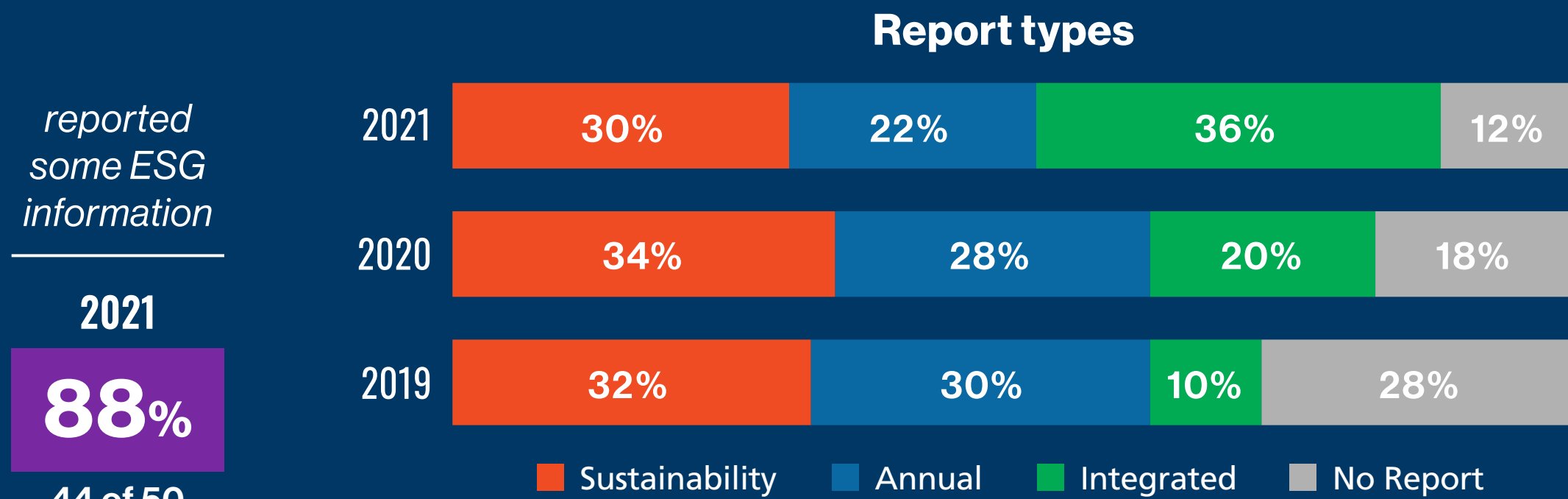
DISCLOSURE

- Second largest three-year growth of sustainability reporting (16%) from 72% to 88%

ASSURANCE

- Biggest assurance lag improvement (28 days) globally

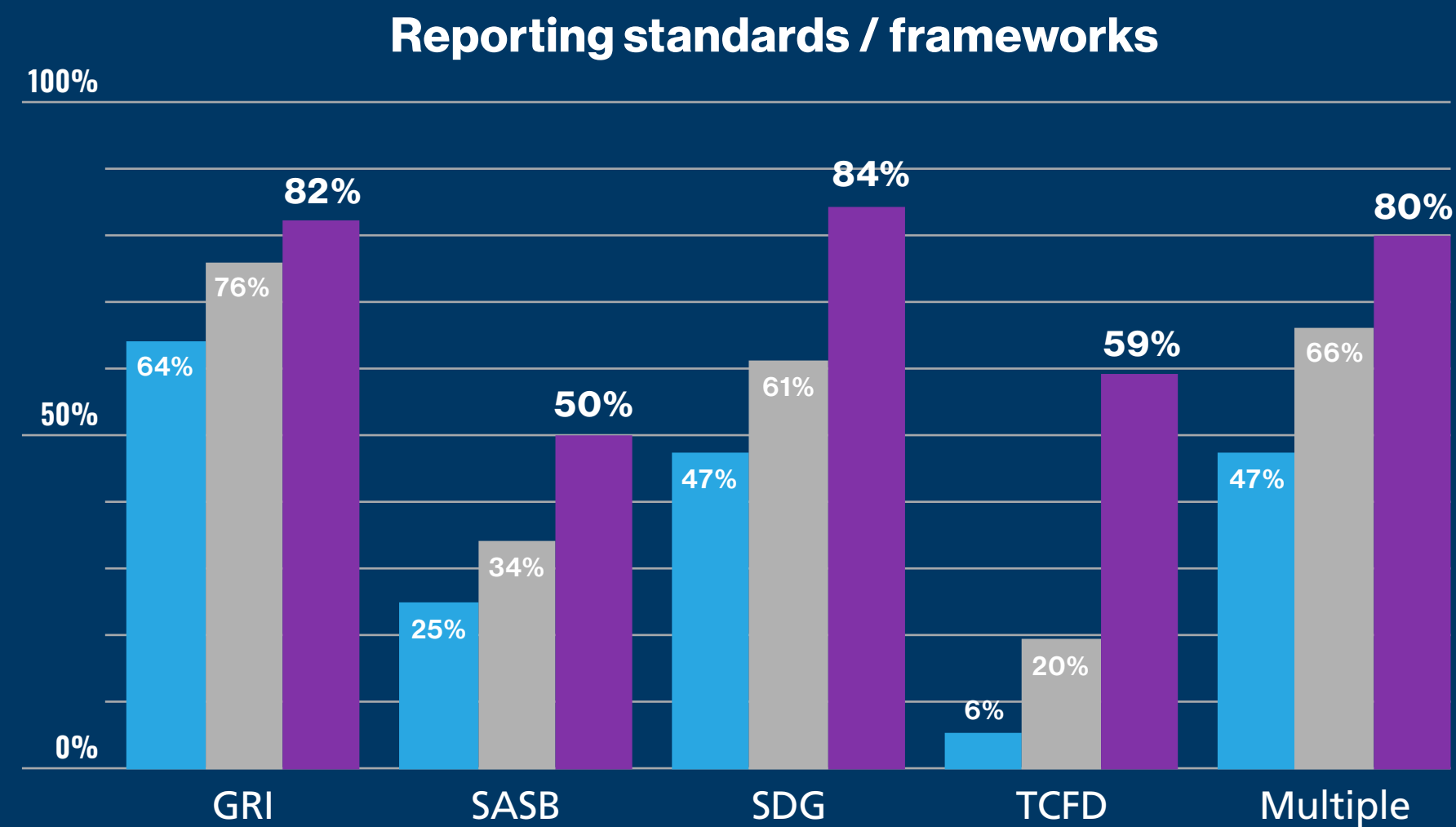
SUSTAINABILITY DISCLOSURE



2021
88%
44 of 50

2020
82%
41 of 50

2019
72%
36 of 50



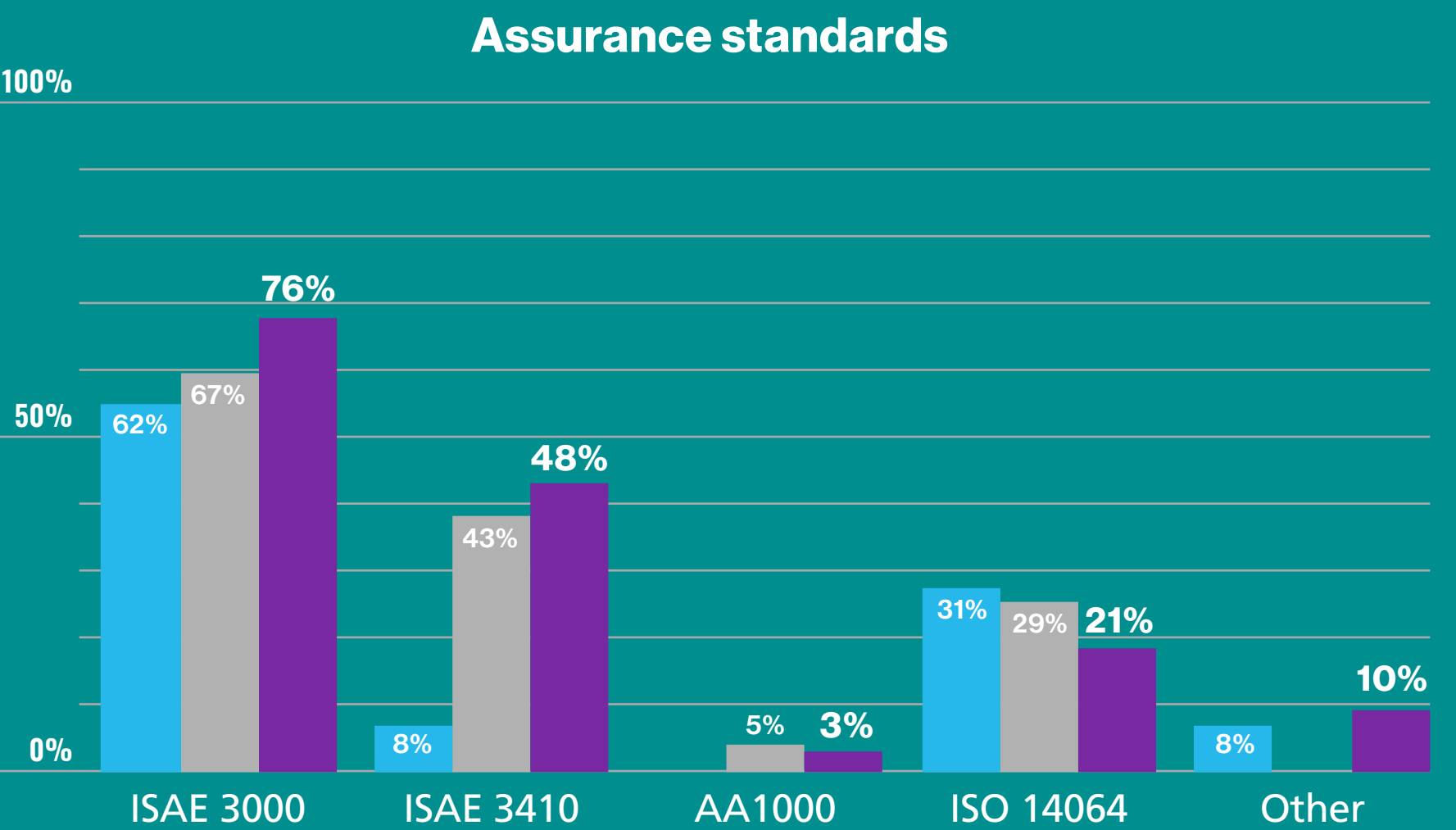
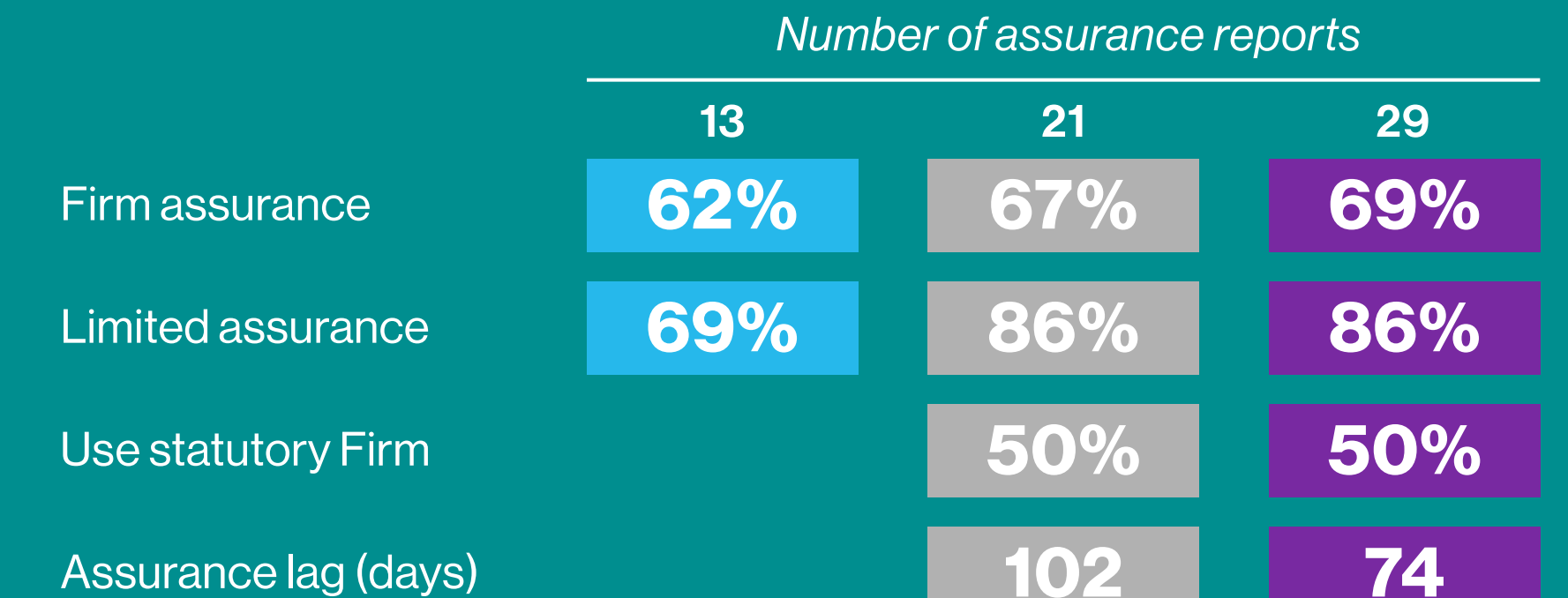
SUSTAINABILITY ASSURANCE

assured some ESG information

2021
52%
23 of 44

2020
44%
18 of 41

2019
33%
12 of 36



* A company may have more than one assurance report



DISCLOSURE

- Highest rate of net zero emissions reduction targets (79%) globally

ASSURANCE

- Largest three-year growth of assurance rates (27%) globally

SUSTAINABILITY DISCLOSURE

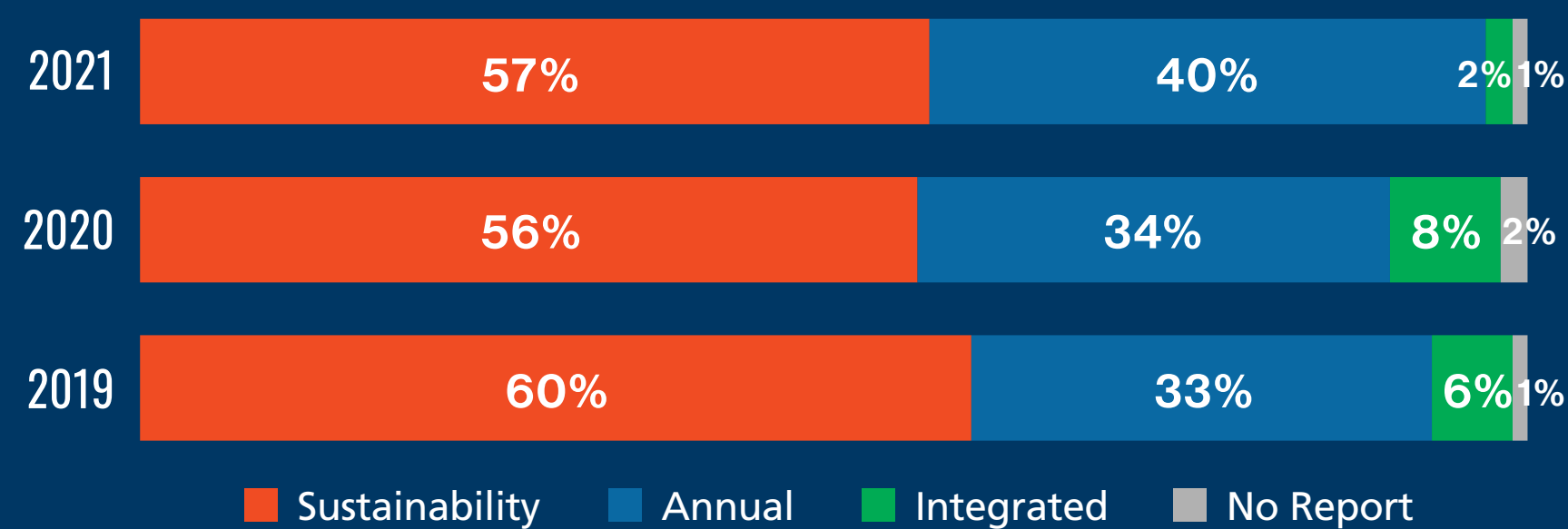
Report types

reported some ESG information

2021

99%

99 of 100



Legend: Sustainability (orange), Annual (blue), Integrated (green), No Report (grey)

Reporting standards / frameworks

2020

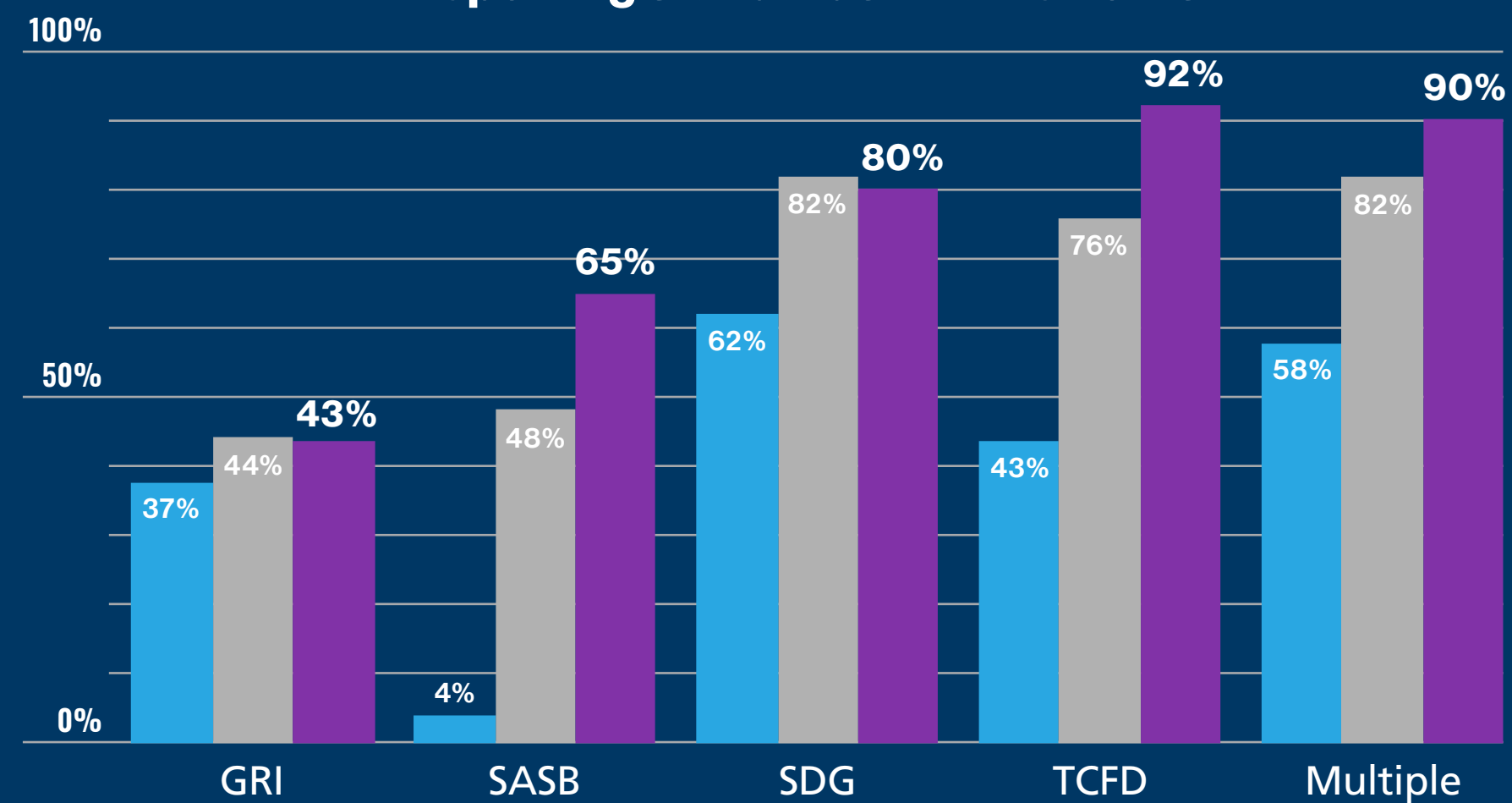
98%

98 of 100

2019

99%

99 of 100



SUSTAINABILITY ASSURANCE

Number of assurance reports

assured some ESG information

2021

82%

81 of 99

2020

68%

67 of 98

2019

55%

54 of 99

Firm assurance

58

53%

Limited assurance

71

97%

Use statutory Firm

88

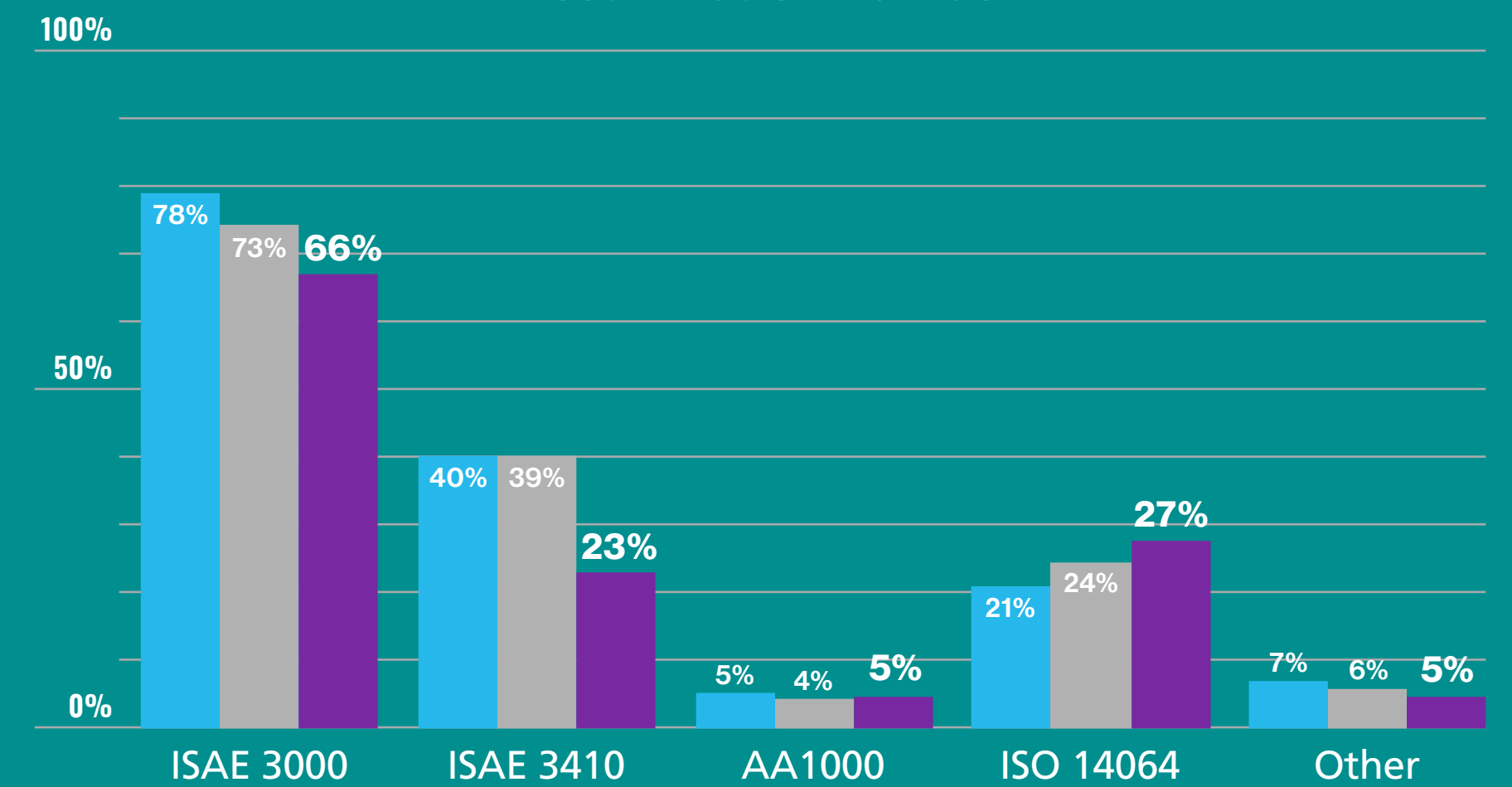
63%

Assurance lag (days)

27

28

Assurance standards



* A company may have more than one assurance report

UNITED STATES



Region:
AMERICAS

DISCLOSURE

- Highest rate of emissions reduction targets (97%) globally

ASSURANCE

- Second lowest audit firm assurance market share (15%) globally

SUSTAINABILITY DISCLOSURE

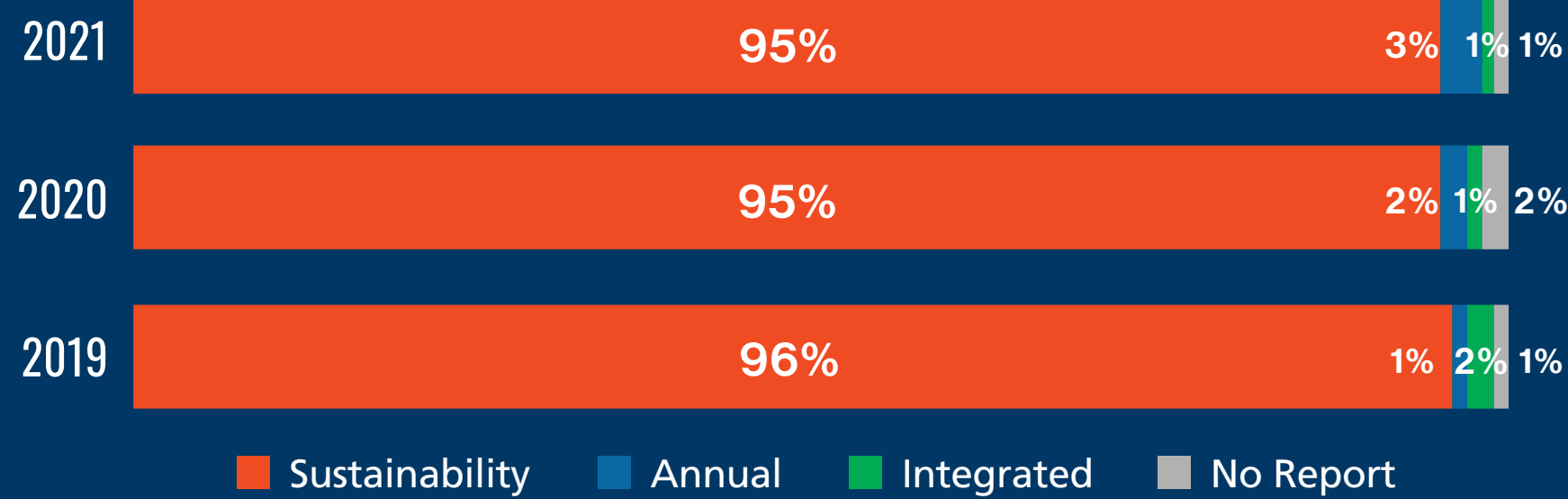
Report types

reported some ESG information

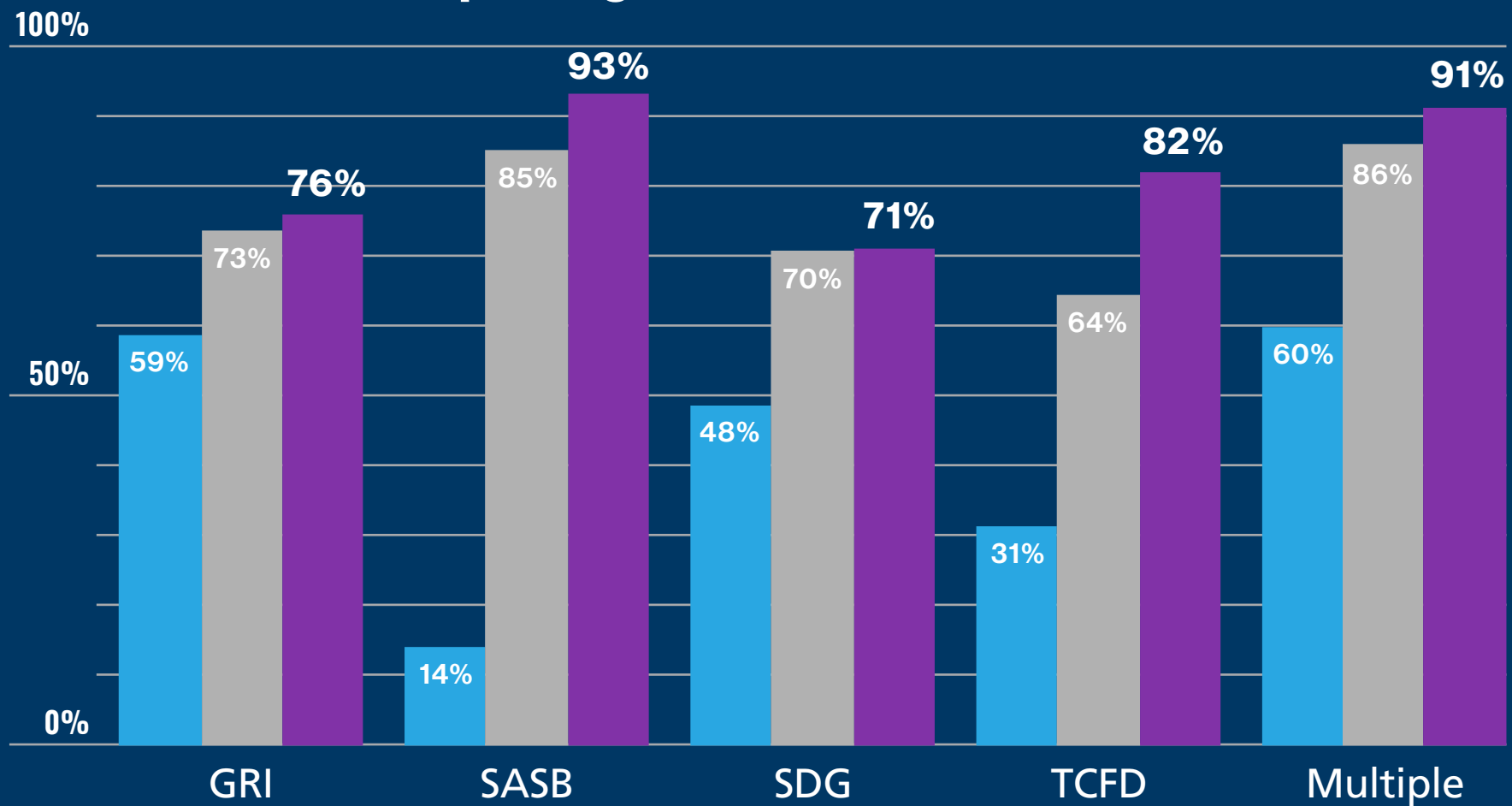
2021
99%
99 of 100

2020
98%
98 of 100

2019
99%
99 of 100



Reporting standards / frameworks



SUSTAINABILITY ASSURANCE

assured some ESG information

2021
82%
81 of 99

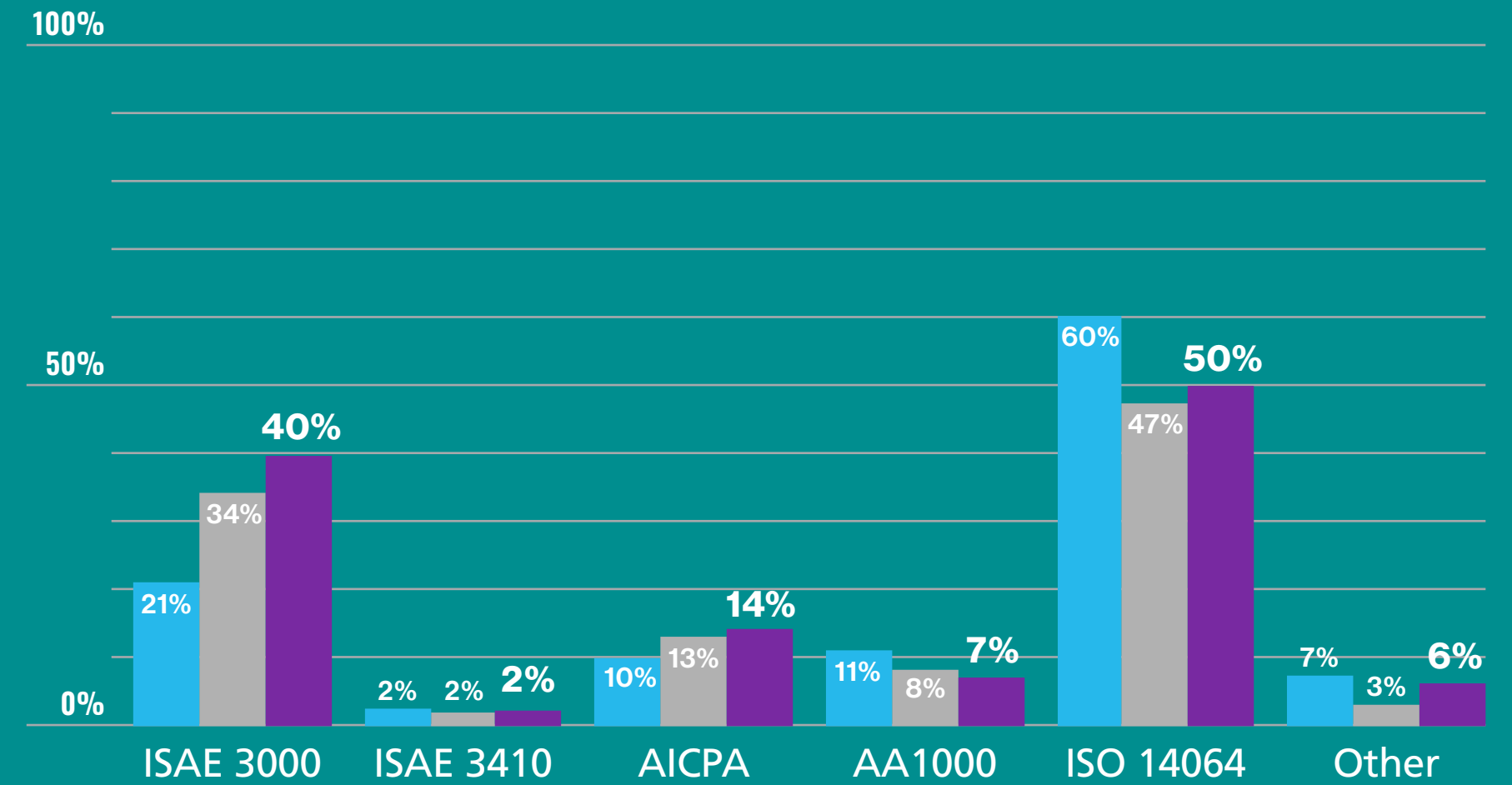
2020
81%
79 of 98

2019
71%
70 of 99

Number of assurance reports

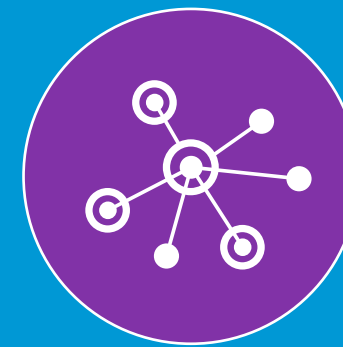
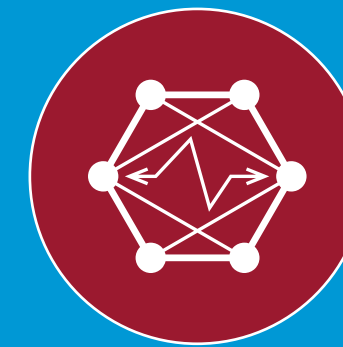
	2021	2020	2019
Firm assurance	11%	16%	15%
Limited assurance	77%	82%	81%
Use statutory Firm		94%	93%
Assurance lag (days)		110	111

Assurance standards



* A company may have more than one assurance report

METHODOLOGY



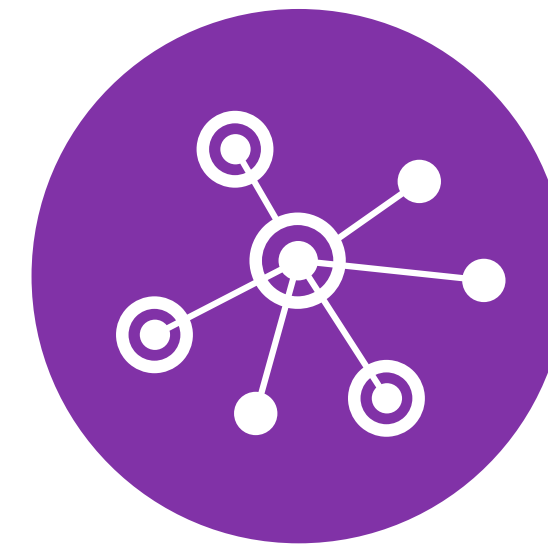
METHODOLOGY

This study reviewed the largest companies in each jurisdiction by market capitalization as of approximately March 21, 2021, for fiscal years 2019 and 2020, and March 21, 2022, for fiscal year 2021. Company jurisdiction was based on the location of the company's headquarters. The largest 50 companies were reviewed in 16 jurisdictions for fiscal years 2019 and 2020, and 15 jurisdictions for fiscal year 2021. The largest 100 companies were reviewed in the six largest economies (denoted with an asterisk). The jurisdictions that make up the G20, Spain, Hong Kong S.A.R., and Singapore were selected to ensure the jurisdictions had at least 50 listed companies to review. Jurisdictions with 100 companies reviewed were selected based on the largest nominal GDP as of March 21, 2021.

Americas	Europe, Middle East, and Africa (EMEA)	Asia-Pacific
<ul style="list-style-type: none"> • Argentina • Brazil • Canada • Mexico • United States of America* 	<ul style="list-style-type: none"> • France • Germany* • Italy • Russia • Saudi Arabia • South Africa • Spain • Turkey • United Kingdom* 	<ul style="list-style-type: none"> • Australia • China's mainland* • Hong Kong S.A.R. • India* • Indonesia • Japan* • Singapore • South Korea

Russia was excluded for fiscal year 2021 due to issues accessing public company documents and websites. Excluding Russia from prior results would have resulted in 52% of companies receiving assurance in 2019 (instead of 51%) and 60% audit firm market share in 2020 (instead of 61%). The impact on other reported information was deemed immaterial.

DATA COLLECTION METHODOLOGY



Reports were located on a company's website in one of four places:

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 a company's website, the company name was searched with the term "2020 sustainability report." If a report was still not located, the company was search in the GRI Database of sustainability reports. For Hong Kong Stock Exchange (HKEx) listed companies, the exchange website was used to collect reports if a report could not be found on a company's website. This only impacted companies located in China's mainland and Hong Kong S.A.R.

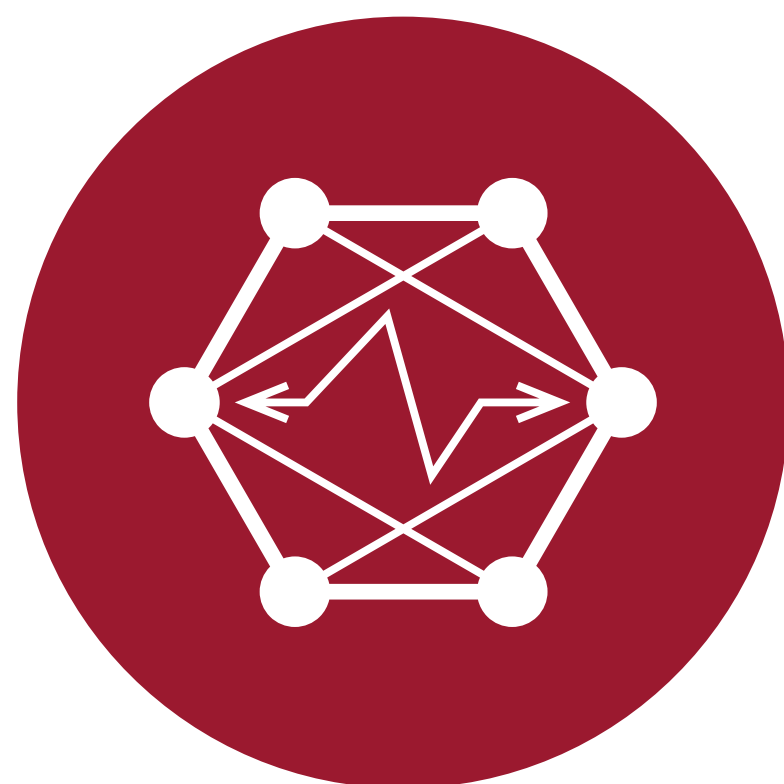
Emissions reduction targets and transition plans were collected as of fiscal year 2021. Emissions reduction targets and transition plans were usually located in one of six places:

1. Sustainability Report
2. Annual Report
3. Integrated Report
4. Company Website
5. TCFD Website
6. Other climate report

Emissions reduction targets and transition plans were not always located together. All locations were reviewed for each company to ensure all targets or transition plans were observed. For targets and transition plans that were located on a website, date of publication was used to ensure targets and transition plans related to fiscal year 2021 or earlier.

METHODOLOGY

REPORT CLASSIFICATION

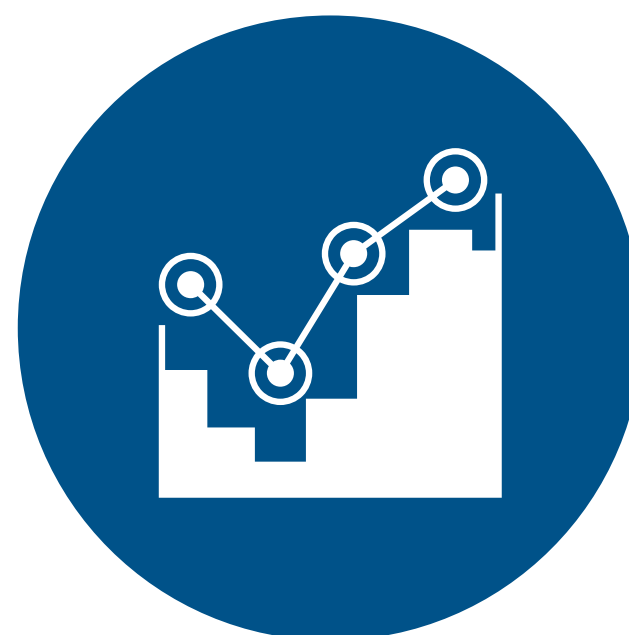


Reports were classified into three groups: sustainability reports, annual reports, and integrated reports. Sustainability reports were identified as those published for the sole or main purpose of informing stakeholders of environmental, social, or governance activities and performance. Annual reports 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 <IR> framework issued by the International Integrated Reporting Council.

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 report, on the company’s website, or in the CDP database. Verification statements were not counted, nor were references to assurance where a specific assurance report was not available. If a report included more than one assurance report, each report was reviewed separately.



Copyright © July 2023 by the International Federation of Accountants (IFAC) and the Association of International Certified Professional Accountants (the Association). All rights reserved. Contact permissions@ifac.org or copyright@aicpa-cima.com for permission to reproduce, store or transmit, or to make other similar uses of this document other than for personal use.

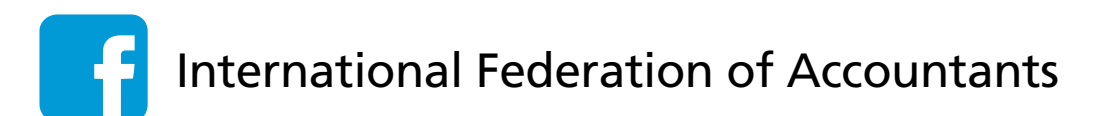
IFAC and IFAC INTERNATIONAL FEDERATION OF ACCOUNTANTS Design are trademarks of the International Federation of Accountants registered in the U.S. and other countries.

ASSOCIATION OF INTERNATIONAL CERTIFIED PROFESSIONAL ACCOUNTANTS and the Globe Design are trademarks of the Association of International Certified Professional Accountants registered in the U.S., the E.U., the U.K. and other countries. AICPA and CIMA are trademarks of the American Institute of CPAs and The Chartered Institute of Management Accountants, respectively, and are registered in the U.S., the E.U., the U.K. and other countries.

The information provided in this publication is general and may not apply in a specific situation. Legal advice should always be sought before taking any legal action based on the information provided. Although the information provided is believed to be correct as of the publication date, be advised that this is a developing area. IFAC, the Association, AICPA, and CIMA cannot accept responsibility for the consequences of its use for other purposes or other contexts.

The information and any opinions expressed in this material do not represent official pronouncements of or on behalf of the IFAC, AICPA, CIMA, or the Association of International Certified Professional Accountants. This material is offered with the understanding that it does not constitute legal, accounting, or other professional services or advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

The information contained herein is provided to assist the reader in developing a general understanding of the topics discussed but no attempt has been made to cover the subjects or issues exhaustively. While every attempt to verify the timeliness and accuracy of the information herein as of the date of issuance has been made, no guarantee is or can be given regarding the applicability of the information found within to any given set of facts and circumstances.



International Federation of Accountants
529 Fifth Avenue
New York, NY 10017
USA
T +1 212 286 9344
www.ifac.org