

## **International Forum of Independent Audit Regulators (IFIAR) statement on sustainability assurance oversight**

December 4, 2023

IFIAR's role as an international forum of member regulators is focused on promoting audit quality globally through knowledge sharing and enabling collaboration and consistency in regulatory activity. IFIAR is therefore uniquely positioned to deliver insights that help its Members more effectively oversee audit firms within their respective jurisdictions. IFIAR Members are also influential stakeholders within their own jurisdictions, overseeing the audit firms that are already major players in the developing market for sustainability assurance.

As a result of investor and other stakeholder demands, and in some jurisdictions pursuant to government mandates, the disclosure of sustainability related information is increasing around the world. High quality assurance over sustainability information will play an important role in ensuring reported sustainability information is reliable and decision useful.

Accordingly, IFIAR supports the on-going work of international audit-related standard setters to develop high quality assurance and ethics (including independence) standards over sustainability-related information on an expedited timeline<sup>1</sup>. This should allow for users, issuers, assurance providers and audit regulators to familiarize themselves with the content ahead of the end-2024 reporting period, when the International Sustainability Standards Board's S1 and S2 become effective<sup>2</sup> and the Corporate Sustainability Reporting Directive becomes applicable in the European Union<sup>3</sup>.

### ***Application of the standards***

Currently, in most global jurisdictions, assurance over sustainability-related information is voluntary rather than mandatory. Audit firms already provide significant levels of such assurance, often on a non-statutory basis, and IFIAR expects this trend to continue.

Investors and other stakeholders value and benefit from consistently high-quality sustainability assurance globally. At present, there is a mixed picture across jurisdictions regarding plans for endorsement/adoption of standards for use in sustainability assurance engagements.

IFIAR supports the provision of consistently high-quality information to investors and other stakeholders around the world and, to the extent appropriate and legally authorized, encourages local jurisdictions to promote high quality and effective assurance standards globally.

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<sup>1</sup> The International Auditing and Assurance Standards Board (IAASB) exposure draft (ED) was published on [August 2, 2023](#) and the International Ethics Standards Board for Accountants (IESBA) ED is expected to be approved by its board in December 2023. Current expectations are that these will be available for use from late 2024.

<sup>2</sup> The International Sustainability Standards Board (ISSB) standards ([IFRS S1](#) and [IFRS S2](#)) were issued on June 26, 2023 and are effective for annual reporting periods beginning on or after January 1, 2024.

<sup>3</sup> The European Union's [Corporate Sustainability Reporting Directive](#) (CSRD) entered into force on January 5, 2023 and the first companies will have to apply the new rules for the first time in the 2024 financial year, for reports published in 2025.

### ***Oversight of sustainability assurance***

In many jurisdictions, authorities may assign specific regulators responsibility to oversee sustainability assurance.

IFIAR Members' skills and experience in overseeing assurance over financial reporting information may also provide a good foundation for supervision of sustainability assurance, and could make IFIAR Members well placed within their individual jurisdictions to monitor the quality of sustainability assurance.

IFIAR will continue to play a key role in promoting global consistency and high quality in the assurance of sustainability-related information, encouraging the establishment of a high-quality assurance framework. IFIAR will support its Members in developing their assurance oversight capabilities.

IFIAR will do this principally through interaction among its Members, including by providing opportunities for discussion and information sharing among Members as they increase their activities in this area. IFIAR will also leverage insights gained through interaction with the global audit networks where the international nature of assurance, including the structure of global audit firm networks, creates opportunities for coordination among audit regulators.

Early engagement of audit regulators will assist in the development of high-quality assurance standards. IFIAR will also continue its engagement with international standard setters, including by commenting on proposed standards and hosting webinars to increase and encourage IFIAR Members' interaction with the standard setters.

IFIAR notes and supports IOSCO's recent statement<sup>4</sup> that also identifies matters for consideration by all stakeholders such as, enhancing the connectivity between sustainability related information and the financial statements and ensuring that the global assurance framework promotes a high degree of transparency.

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<sup>4</sup> [IOSCO endorses the ISSB's Sustainability-related Financial Disclosures Standards](#)

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## **About IFIAR**

Established in 2006, the International Forum of Independent Audit Regulators (IFIAR) comprises independent audit regulators from 55 jurisdictions representing Africa, North America, South America, Asia, Oceania, and Europe. Our mission is to serve the public interest, including investors, by enhancing audit oversight globally. IFIAR provides a platform for dialogue and information-sharing regarding audit quality matters and regulatory practices around the world; and promotes collaboration in regulatory activity. IFIAR's official observer organizations are the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the Public Interest Oversight Board and the World Bank. For more information about IFIAR, visit [www.ifiar.org](http://www.ifiar.org)

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