

APAB



Abschlussprüferaufsichtsbehörde

Sustainability Reporting Assurance

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Subject of sustainability assurance

According to article 34 of the Accounting Directive (2013/34/EU) the assurance opinion has to address:

– compliance of sustainability reporting with ESRS
in scope of ISSA 5000

– the entity's process to identify the reported information

– compliance with reporting requirements of article 8 of Taxonomy Regulation (202/852/EU)

– the electronic tagging of the sustainability reporting

outside scope of ISSA 5000

sustainability report has to include % of OpEx, CapEx and revenue that are:

- eligible under European Taxonomy
- are aligned with European Taxonomy

substantially contribute

do no significant harm

comply with minimum safeguards

to at least one of the six environmental objectives

to any of the other five environmental objectives

to at least one of the six environmental objectives

Providers of assurance

Member state option - assurance can be provided by:

statutory auditor

independent assurance service
provider (IASP)



- registration as statutory auditor only **or** statutory auditor + sustainability auditor
- requires in Austria successful completion of quality assurance review performed by practitioner registered as quality assurance reviewer (selected by APAB)
- after successful completion of a quality assurance review auditor or audit firm receives a time limited licence for up to 6 years
- if deficiencies are identified APAB might deny or limit length of validity of licence (licence as sustainability auditor is linked to licence as statutory auditor but not the other way round)

 preliminary -
final law not
yet passed

Providers of assurance – statutory auditors

Necessary preparations



APAB

- registration of quality assurance reviewers for statutory audit only **or** for statutory audit + sustainability audit
- adaptations of public register: identification whether the statutory auditor is registered to carry out only audits **or** audit + sustainability assurance
- supervision of additional continuous education requirements relating to sustainability matters (at least 40 hours over 3 years)
- training of staff in sustainability matters

Professional body (chamber of certified auditors)

- Development of training and examination curriculum for future certified auditors (all future certified auditors will have to prove sustainability expertise)
- Development of standards on limited assurance on sustainability reporting until adoption of European standards by the European Commission by 1 October 2026 → standards have to be approved by APAB

Providers of assurance – statutory auditors



Grandfathering rules:

- Professional qualification
 - Certified auditors who received professional qualification before 1 January 2024 are grandfathered but have to prove continuous education in sustainability matters
 - Future certified auditors will have to prove at least of 8 months of practical experience (+ exam)
- Registration with APAB
 - Statutory auditors already registered with APAB can apply for a time limited registration as sustainability auditors (max. 36 months without quality assurance review)

Providers of assurance – IASP (independent assurance service providers)

who are they?

conformity assessment bodies that usually provide different testing, inspection and certification services (e.g. SGS, TÜV, Bureau Veritas, Intertek, etc.) and have **accreditation**

which legal framework applies?

Require accreditation by **national accreditation body** (≠ audit regulator) → evaluates whether conformity assessment body is competent to carry out a specific conformity assessment activity
 Regulation on accreditation (765/2008) applies
 national accreditation body can restrict, suspend or withdraw accreditation

considerations for implementation

- IASP have to apply same auditing standards as auditors
- member states have to implement equivalent rules regarding training and examination, continuing education, quality assurance systems, professional ethics, investigations and sanctions and quality management procedures → these require development from scratch
- complex interplay of audit regulator and national accreditation body

(A selection of) challenges of implementing sustainability assurance

Timeline for preparers

- Very short time between (partial) endorsement of reportings standards (July 2023) and first compulsory reporting (for financial year 2024)

Data quality and reliability

- Preparers have to set up processes to collect data for hundreds of non-financial data points
- Risk of data manipulation or greenwashing

Lack of auditing standards and new challenges

- IAASB develops currently standard on sustainability assurance but they are not yet finalized
- Sustainability reports include also forward-looking information

Complexity of environmental and social issues and integration with financial audits

- Need for auditors to understand diverse and complex sustainability topics - Requires specialized knowledge and expertise in environmental and social domains BUT: also need for alignment between financial and non-financial reporting

Stakeholder Expectations

- High expectations from various (new) stakeholders for transparent and credible reports

Resource Constraints

- Limited availability of skilled auditors with expertise in sustainability
- Resource-intensive nature of thorough sustainability reviews

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