



Accounting for Sustainability,
Social and Environmental Transparency

TEACHING MODULE 2

Providing Assurance on Sustainability Reports

OVERVIEW

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Context

Whereas most leading companies are preparing sustainability reports as part of their corporate reports, their credibility is often questionable. Sustainability assurance can be one mean to increase the credibility of these sustainability report. Therefore, a majority of companies preparing sustainability reports is also requiring sustainability assurance, mainly provided by audit firms.¹ Since Sustainability reporting got mandatory for certain companies in the European Union also the rate of sustainability assurance, mainly voluntary, was rising. As with the CSRD sustainability assurance is getting mandatory, it is of higher relevance for accounting students to have a comprehensive understanding of the sustainability assurance activities and process.

Therefore, this teaching module aims to highlight the role of sustainability assurance in the current legal environment using an newly developed assurance standard ISSA 5000, issued in September 2024 by the IAASB under the current European sustainability reporting regime.

Students' tasks

Within the sustainability assurance context students will have to conduct various activities. The students' activities will thereby be divided into pre-ISP activities and during ISP activities. As pre-ISP activity the students should read through a few pages of preliminary readings, dealing with the basics of sustainability assurance, focusing on ISSA 5000 as well as the current regulatory context (non-financial reporting directive) for sustainability reports. During the ISP and before Teaching Module 2 starts, students will already have gotten familiar with the most important sustainability reporting rules and practices, as shown in Teaching Module 2. Building on that, the sustainability assurance case will comprise two different topics: (1) Risk and materiality assessment and (2) Reporting of the Assurance provider.

Generally, the Sustainability Assurance case uses the setting of a fictional air transportation company. The cases include sustainability reporting excerpts of the company as well as findings of the assurance provider.

Task 1 Risk and materiality assessment: For the first task students will have to evaluate information on the sustainability reporting practices of a fictitious company. Particularly, the students will receive information on those aspects that were assessed to be material. Students' tasks will comprise various activities, as e.g. defining risks and materiality's meaning within the sustainability assurance process, conducting research of industry information, assessing plausibility of given sustainability reports and preparing a conclusion with a link to the case.

Task 2 Sustainability Assurance Reporting: For the second task students receive information on the assurance providers findings of the assurance engagements. Using this information students have to evaluate the impact of these findings on the assurance reports. Additionally, students should get familiar with the assurance providers reporting requirements by describing the reporting requirements and showing the main differences between limited and reasonable assurance engagements in line with ISSA 5000.

Teaching methods: The tasks are set up to be group work, applying different methods as (internet) research, assessments of given information, working with assurance standards, discussions, short written reports and presentations of results.

¹ See State of Play series (2024) of IFAC, AICPA and CIMA.