How to approach ESG reporting: Part 3

The final part of this series focuses on assurance as a critical component of meaningful ESG reporting.

What is ESG reporting assurance?

Environmental, social, and governance (ESG) factors include both quantitative metrics and qualitative disclosures, which may impact, and be captured by, an organization’s financial statements. Although ESG-related matters may impact financial statements, assurance on standalone ESG-related disclosures and information is not currently part of a financial statement audit. Obtaining assurance on standalone ESG disclosures and metrics (e.g., sustainable-financing related undertakings, standalone sustainability reports, and specific sustainability key performance indicators (KPIs), like greenhouse gas emissions) is an additional step, under an effective governance structure, that many organizations are electing to do to provide additional confidence in broader corporate disclosures beyond the financial statement audit.
Why it matters

Companies’ underlying records should integrate strong internal control principles and mechanisms with the appropriate oversight to produce reliable ESG data. Those charged with governance (e.g., audit committees, boards) will need to incorporate ESG considerations in their oversight responsibilities of companies’ management, management skill sets, and readiness, along with the implementation of processes and controls to collect data.

Publicly disclosed ESG information needs to be reliable. By strengthening the credibility of an organization’s disclosures, assurance gives stakeholders confidence that information reported was subject to independent scrutiny, thereby securing or enhancing stakeholder trust and improving access to capital.

Your source for independent ESG-related assurance

Deloitte combines significant assurance experience with a deep understanding of ESG matters to support you and your stakeholders across a wide array of open and timely corporate disclosures. Our services include assurance for sustainability financing, ESG KPIs, and full standalone reports.

Objectivity, credibility, and integrity; independence, professional skepticism, commitment to quality, and appropriate training. All of these are critical to quality assurance; and all are covered under the typical infrastructure of audit firms. Moreover, much ESG information is interconnected with financial reporting. For example, knowledge obtained from a company’s financial reporting engagement may be beneficial in planning its ESG assurance procedures (i.e., understanding a business holistically).

We aim to meet your evolving needs, regardless of your organization’s level of maturity or industry focus. Our informed perspective and specialized knowledge can assist you in meeting your governance obligations and satisfying stakeholder demands—with the goal of helping long-term, sustainable value.
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