

CFAOB guidelines on limited assurance on sustainability reporting (Adopted on 30 September 2024)

Here we give a quick & short summary of the content of this guidance as follows:

The CFAOB guidelines provide a framework for limited assurance on sustainability reporting as required by the Corporate Sustainability Reporting Directive (CSRD) effective from January 2024.

These guidelines aim to harmonize assurance practices across EU Member States until the European Commission adopts official standards by October 2026.

Key points include:

1. **Objective:** To ensure sustainability statements are free from material misstatements through less extensive procedures than reasonable assurance engagements.
2. **Material Misstatements:** Defined as differences between reported and required disclosures, which can be quantitative or qualitative.
3. **Fraud and Compliance:** Practitioners must remain alert to fraud and non-compliance with laws.
4. **Risk Identification:** Understanding the entity and its environment to identify risks of material misstatements.
5. **Process Evaluation:** Assessing the entity's process for determining material matters for disclosure.
6. **Communication:** Coordination between practitioners and statutory auditors to ensure consistency.
7. **Limited Assurance Report:** Must be clear, entity-specific, and include the practitioner's conclusion on the sustainability statements.

The guidelines also cover specific provisions for Article 8 disclosures under the Taxonomy Regulation, digitalization of information, and documentation requirements.