ESG Reporting and Assurance Analysis
Summary and Overview of S&P 100 Data

• The CAQ analyzed publicly available ESG information for the S&P 100 companies
  • The data reflected herein represents the S&P 100 companies most recently issued ESG report available as of Friday March 12, 2021

• Method of Reporting
  • While the extent of the information varied, all companies had some ESG information publicly available.
  • Most of these companies did not provide this information primarily in a SEC filing. Some companies had brief mentions of ESG information in their proxy statements or 10-ks, but the majority of the information was outside SEC filings.
• CDP was the most frequently mentioned framework or standard with 87 references
• Only two companies referenced all five frameworks or standards (GRI, SASB, TCFD, CDP, IR)
• 44 companies referenced four of the five frameworks or standards
• 4 companies did not reference any of these frameworks or standards
Assurance Coverage – S&P 100

• 81 of the 100 entities had some assurance/verification

• The most common assurance coverage was over just greenhouse gas emissions or “GHG.” This is likely popular as verification of this metric increases a company’s CDP score.

1 GHG+ indicates assurance that covered GHG and a handful of other metrics such as water consumption or waste removal.

2 Multiple indicates the assurance was over a broader range of topics such as a framework or standard index or over an array of specified metrics (e.g., all health and safety metrics, GHG, and diversity and inclusion metrics)
Assurance/Verification Standards – S&P 100

- Most common assurance standard referenced was ISO 14064-3 Greenhouse gases, issued by the International Organization for Standardization
- ISAE 3000 was the most common assurance standard applied to non-GHG metrics and disclosures

*This metric includes assurance providers other than accounting firms which noted that they used their own assurance methodology based on ISAE 3000.

**Note that the total exceeds the number of companies with assurance/verification. This is because some companies had multiple assurance reports over their ESG information, and some assurance providers referenced multiple assurance standards.
Assurance Providers – S&P 100

• Apex LLC was the highest assurance provider.

• 11 companies had assurance from an accounting firm
Limited-level of assurance was the most popular. Only nine of the 65 was true limited assurance provided by an accounting firm. The remaining is “limited assurance” as defined by the non-accounting firm provider.

Only seven companies had reasonable assurance, with only one having this assurance from an accounting firm.

Four companies had reasonable assurance for some metrics and limited for others. One of these companies had this assurance provided by an accounting firm.

Moderate assurance is used in accordance with AA1000AS. No accounting firms provided this level of assurance in the S&P 100 population.
IFAC – AICPA-CIMA Global Sustainability Assurance Benchmarking Study
Global Sustainability Study

Objective: To benchmark current market practice for assurance of sustainability-related information:
   1. How much information is assured?
   2. Who provides assurance services (using what assurance standards/frameworks)?
   3. What level of assurance is being provided (i.e., “limited” versus “reasonable”)?

Scope: Global—22 jurisdictions (G20 plus Hong Kong and Singapore)
   • Company reports from 1400 of the largest companies (based on market capitalization) were reviewed
   • 100 largest companies in the 6 largest capital markets, 50 largest companies in the other 16 jurisdictions

Summary Findings: Most companies disclose something; low levels of assurance; jurisdiction-specific differences
   1. 90% of companies report some level of sustainability information
   2. Less than half of information is assured (on average)
   3. ISAE 3000 (Revised) is prevailing standard for (limited) assurance engagements
      (subject to jurisdiction-specific practices, e.g., Attestation Standards in U.S.)

* In consultation with Center for Audit Quality  
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Preliminary Global Trends

- Method of Reporting – 1,266 Reports with ESG data of 1,400 companies globally
  - 56% - Sustainability Report
  - 18% - Annual Report
  - 16% - Integrated Report
  - 10% - No Report
  - France was the only country where all ESG data was reported in an Annual Report

- Assured Data
  - Rates of assurance over ESG data ranged from 7.7% (Saudi Arabia) to 96% (France)

- Assurance Providers
  - In 15 countries accounting firms are the dominant provider of assurance over ESG information
  - The US is one of 5 countries where accounting firms are not the dominant provider of assurance over ESG information

- Level of Assurance
  - The level of assurance provided over ESG data fit into four categories: limited assurance, reasonable assurance, moderate, and not disclosed
  - While the mix of assurance provided was different by country, the most common level of assurance over ESG information was limited assurance
What these global trends mean for the US?

• Jurisdictions outside the US are leading in both reporting and assurance over ESG information
• As the SEC determines what they do next, they could look to practices outside the US
• There is an opportunity to harmonize ESG reporting and assurance practices to enhance the comparability and reliability of ESG information around the world
CAQ