CEAOB guidelines on limited assurance on sustainability reporting

1. Context

On 5 January 2023, the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) entered into force. The CSRD amended Audit Regulation (EU) No 537/2014, Transparency Directive 2004/109/EC, Audit Directive 2006/43/EC and Accounting Directive 2013/34/EU.

As from financial years starting on or after 1 January 2024, large companies shall draw up sustainability statements in accordance with the European Sustainability Reporting Standards (ESRS). These statements will need to be subject to an assurance engagement by statutory auditors or other assurance services providers ("practitioners" hereafter).[1]

The CSRD requires the adoption of limited assurance standards by the European Commission by 1 October 2026 at the latest to clarify what is expected from practitioners when carrying out a limited assurance engagement regarding the sustainability information reported pursuant to the ESRS. Until this adoption, there will be a gap period during which there will be no assurance standards adopted at EU level. The CSRD states that Member States can adopt national standards or pronouncements as long as the European Commission has not adopted standards at EU level.[2]

The CSRD (recital 69) mentions that, with a view to facilitating the harmonisation of the assurance of sustainability reporting across Member States, the CEAOB should be encouraged to adopt non-binding guidelines to set out the procedures to be performed [by practitionners[1]] when expressing an assurance opinion on sustainability reporting, pending the adoption by the European Commission of an assurance standard covering the same subject matter.

With the aim to avoid fragmentation and to ensure that practices are as consistent as possible until the adoption of an assurance standard at EU level, the Commission has invited the CEAOB to develop non-binding guidelines regarding limited assurance on sustainability reporting, which are described in this document.

2. Objectives of the CEAOB guidelines

In the absence of relevant international assurance standard(s) covering fully the CSRD requirements for limited assurance on sustainability reporting[3] finalised at the date of publication of the guidelines, this document is intended to provide high level assistance to facilitate a common understanding of some of the key aspects of the limited assurance engagement requirements introduced by the CSRD.

The CEAOB guidelines do not override or replace national pronouncements that might be in force at national level in EU Member States.

As such, the guidelines do not constitute a standard and should be read in conjunction with any national rules applicable to assurance on sustainability reporting.

[1] statutory auditors and/or other assurance services providers appointed to perform the limited assurance engagement required by the CSRD are both designated as "practitioners" in these guidelines – see glossary in appendix 1

[2] See Audit Directive - Article 26a

[3] See Accounting Directive - Article 34 par 1 (aa)

Member States, through their competent authorities or otherwise, may recommend or require the use of the CEAOB guidelines for the sake of harmonisation of limited assurance practices at EU level, either alone or in addition to national pronouncements applicable at national level for limited assurance engagements required by the CSRD.

The guidelines may also be used by practitioners for voluntary limited assurance engagements performed at the request of entities that prepare sustainability statements on a voluntary basis, even if the legal requirements stemming from the CSRD do not impose this preparation to them.

3. Ethics, engagement acceptance and quality control

The guidelines cover some, but not all aspects of the procedures required in a limited assurance engagement and are not intended to be exhaustive.

They do not, in particular, address ethical provisions. All practitioners are required to comply with the relevant ethical provisions which are described in the Audit Directive and Audit Regulation,[4] and with any relevant national provisions. In addition, the provisions of the Audit Directive[5] regarding independence, as transposed in national laws, apply to limited assurance engagements.

The provisions governing acceptance of the engagement are not covered by the guidelines either. The content of the engagement letter prepared by the practitioners to present the practical organisation of the engagement is not specified in the guidelines.

Practitioners are subject to requirements on quality control procedures and mechanisms[6] and are thus required to put in place a system of quality control covering limited assurance engagements.

I. General principles and approach to the limited assurance engagement

The CEAOB invites practitioners to adopt a common approach when performing limited assurance engagements on sustainability reporting prepared in accordance with EU laws and regulations.

This common approach encompasses the principles described hereafter.

4. Objective of the limited assurance engagement

The work to be performed for the limited assurance engagement supports the practitioners' conclusion to be expressed on the sustainability reporting prepared by the entity. In a limited assurance engagement, practitioners perform less extensive procedures than in a reasonable assurance engagement: the amount of work is expected to be less than for a reasonable assurance engagement that would be performed in the same circumstances.[7]

Practitioners shall obtain limited assurance that the information reported by the entity is free from material misstatement(s). Appropriate procedures are to be designed and performed by the practitioners to obtain this limited assurance. Practitioners are required to perform procedures that enable them to conclude on the sustainability statements with regards to the applicable legal provisions introduced by the CSRD and the relevant reporting frameworks mandated by EU laws and regulations.[8]

[4] For assurance services providers, those provisions are referred to in Article 34.4 (d) of the Accounting Directive
[5] Audit Directive, Article 22 and following articles
[6] See Audit Directive (Article 24a and Article 24b) and Accounting Directive Article 34.4
[7] See recital 60 of the CSRD "… *The amount of work in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly greater than in a limited assurance engagement.*"
[8] ESRS, taxonomy reference framework and digitalisation rules

5. Material misstatement(s) for practitioners in the context of a limited assurance engagement

A misstatement is a difference between a disclosure provided (or omitted) and the appropriate disclosure required by the reporting framework (here the ESRS, and the taxonomy reference framework).[9] Misstatements can be quantitative or qualitative and include omitted information. Misstatements can arise from error or fraud.

Practitioners may determine that misstatements in the disclosures, individually or in aggregate, are not material, if, according to the practitioners' professional judgement, these misstatements would reasonably be expected not to influence the decisions taken by the intended users of the sustainability statements.

The materiality of misstatement(s) in disclosures, which is to be taken into consideration during the limited assurance engagement, is linked but is not the same as the "double materiality" to be used by the entity in the preparation of the sustainability statements in accordance with the ESRS, to determine the matters to be reported on.

Materiality is relevant for both quantitative and qualitative disclosures, considering the potential influence of the misstatement(s) on the intended users of the information.

6. Fraud and non-compliance with laws or regulations

Throughout the limited assurance engagement, practitioners should remain alert to the risk of fraud and to instances of non-compliance with laws and regulations.

In the absence of non-compliance with laws and regulations suspected or identified through remaining alert during the engagement, the practitioners are not required to perform specific procedures regarding the entity's compliance with laws and regulations outside those applicable to the sustainability statements' preparation.

Practitioners should communicate irregularities detected during the course of assurance engagements performed for public interest entities to the entity and, if the entity does not investigate the matter, to authorities designated by the Member State as responsible for investigating such irregularities.[10] Non-compliance with laws and regulations detected during the sustainability assurance engagement falls within this category.

7. Procedures targeted at risk identification and assessment

Practitioners should obtain an understanding of the entity, its environment,[11] and its system of internal control relevant to the preparation of the sustainability statements. This understanding should be sufficient to provide the practitioners with the ability to identify and assess the risks of material misstatements at disclosures level, thus providing a foundation for determination of further procedures to be designed and performed to respond to the risks.

To obtain this understanding, practitioners may use, for instance, some or all of the following techniques:

- inquiries, requests for information from management and other individuals within the entity which may provide the practitioners with different perspectives;
- analytical procedures, which may, for instance, be used to identify unusual items;
- physical observations and inspections, which may enable practitioners to corroborate or contradict information obtained from management or other individuals.

In identifying the risks of material misstatements, specific attention should be placed on disclosures that are likely to be most important to the information needs of intended users and on whether the disclosures meet the qualitative characteristics of information defined by the ESRS, including relevance and faithful representation.[12]

[9] See Appendix 1 glossary for the references to ESRS and taxonomy reference framework
[10] Audit Directive Article 25d, referring to Audit Regulation Article 7 – see also Accounting Directive Article 34.4.h)
[11] Including relevant laws and regulations
[12] See ESRS 1 paragraph 19

For the first year of the limited assurance engagement, due to time constraints, practitioners may choose not to perform the procedures targeted at risk identification and assessment described above in this section 7, and perform, as an alternative, an identification of disclosures where material misstatements are likely to arise.[13]

8. Process carried out and described by the entity

In order to be able to express their conclusion, practitioners should place particular emphasis on the process put in place by the entity to determine material matters for disclosure in the sustainability statements. Procedures that should be performed for a limited assurance engagement encompass obtaining an understanding of the process carried out by the entity to identify and determine information to be reported in the sustainability statements based on the double materiality principle.[14]

Practitioners should assess whether the description of the process provided in the sustainability statements is consistent with the process implemented and should design and perform procedures to determine whether the process is meeting the prescriptions of the ESRS,[15] meaning amongst others that this process allows to identify appropriately the information which enables users to understand the entity's material impacts on people and environment and the material effects of sustainability matters on the development, performance and position of the entity.[16]

In designing those procedures, practitioners should take into account the qualitative characteristics of the information defined by the ESRS[17] that require that the information (under the double materiality principle) shall be relevant and shall faithfully represent the substance of the phenomena, being complete, neutral and accurate.

If, based on the procedures performed and evidence obtained, a matter has come to the practitioners' attention to cause the practitioners to believe that the outcome of the process has not resulted in the disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS, the conclusion in the limited assurance report should reflect this situation (see section 18).

9. Responding to risks

Based on the procedures performed for risk identification and assessment (described in section 7), practitioners should design and perform further procedures to respond to those risks, and/or on the disclosures where material misstatements are likely to arise.

Procedures to respond to risk of material misstatements due to fraud and to suspected or identified instances of non-compliance with laws and regulations should also be performed.

Examples of techniques that may be used for these procedures in a limited assurance engagement include, amongst others, inspection, observation, confirmation, recalculation, reperformance, analytical procedures and/or inquiry, on a standalone basis or in combination, at the level of the entity (including other entities or value chain from which the information may stem).

Tests of details (so called substantive procedures) and/or tests of controls are not required but may be performed if deemed effective by the practitioners to collect evidence in the circumstances.

The nature, timing and extent of procedures to be designed and performed by the practitioners should allow them to conclude with limited assurance regarding whether sustainability statements are free from material misstatements.

Procedures should be designed and performed by the practitioners to obtain sufficient appropriate evidence on which to base the limited assurance report.

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[13] See section 9 for the description of further procedures on those disclosures

[14] Defined in ESRS 1 chapter 3

[15] Including ESRS1 chapter 3 and ESRS 2 IRO1 and ESRS E1, E2, E3, E4 E5, G1 (see appendix C of ESRS 2), and non-binding guidance on materiality assessment issued by EFRAG which is available to facilitate the implementation

[16] See eg.ESRS1 paragraph 2

[17] See ESRS 1 paragraph 19 and following paragraphs, including section 3

10. Forward-looking information

Information reported according to the ESRS includes impacts, risks and opportunities, and, when those are in place, the description of relevant policies, targets and action plans, in addition to metrics. These types of information may encompass a forward-looking dimension. Practitioners should focus on whether the information provides the existing policies, targets and plans of the entity when those are in place.

Practitioners are not expected to provide a guarantee that the forward-looking information will play out as disclosed by the entity, but they should remain critical with regards to forward-looking information provided, including whether the underlying methods used for developing forward looking information are appropriate and have been applied consistently. If forward-looking information identified during the procedures targeted at risk identification and assessment seem unreasonable, practitioners should further assess whether the information meets the qualitative characteristics of the information[18] required by the ESRS and evaluate the implications for their conclusion in the assurance report (see section 18).

11. Estimates

If the practitioners identify during the procedures targeted at risk identification and assessment that the estimates seem unreasonable, practitioners should further assess whether the information meets the qualitative characteristics of the information[19] required by the ESRS and evaluate the implications for their conclusion in the assurance report (see section 18).

Practitioners are not required to perform test(s) of details (so called substantive procedures) on the estimates but should remain critical with regards to estimates used for the disclosures, including underlying methods used.

12. Communication between practitioners and with other professionals

Communication between practitioners and the statutory auditors of the entity (and/or subsidiaries) should take place, if not prohibited by laws or regulations, at appropriate points in time during the limited assurance engagement and before the signature of the limited assurance report and the signature of the audit report(s). The aim of the communication is for both parties to inform each other about the risks and misstatements identified on matters of connectivity between the financial statements and the sustainability statements.

Practitioners should communicate with the statutory auditor(s) of the entity (and/or subsidiaries) to the extent necessary to evaluate the consistency of the information provided in the sustainability statements with the information relating to relevant matters disclosed in the financial statements.

The practitioners and the statutory auditors involved in the communication remain fully responsible for the conclusions in their respective engagements. If the statutory audit and the limited assurance engagement are performed by the same audit firm under the lead of different key partners/leaders, there should be communication between those key partners/leaders.

Sustainability statements may include information for entities which belong to a group. In those situations, there should be communication between the practitioner and other practitioner(s) engaged to perform procedures or assurance work on material information of entities which the practitioner has determined to be relevant for the consolidated sustainability statements. This should also apply to communication between team leaders in a situation where the same firm is involved in various entities in the same group.

When one or more third parties (other than the practitioners of the limited assurance engagement for the entity) have been mandated to carry out assurance work on some parts of the sustainability information, the practitioners should consider using this work to avoid duplication in carrying it out again, taking into consideration their assessment of the objectivity of the third party and of the work performed.

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[18] see e.g. ESRS1 paragraph 19, ESRS 1 Appendix B QC 7 – "*any aspirational sustainability information, for example targets and plans, shall cover both aspirations and factors that could prevent the undertaking from achieving these aspirations in order to have a neutral depiction.*"

[19] see e.g. ESRS 1 Appendix B QC 9 – "*clear emphasis on possible limitations and associated uncertainty*"

When two or more practitioners are engaged for the same limited assurance engagement, they should communicate and share the work according to provisions detailed in appendix 3.

Practitioners should in all instances comply with the applicable confidentiality and professional secrecy rules when communicating with others and bear in mind that communication with others does not reduce or change the practitioners' responsibilities for the limited assurance engagement and the assurance report.

13. Accumulation and consideration of identified misstatement(s)

In the context of sustainability reporting, misstatements identified during the limited assurance engagement often cannot be accumulated (into a single 'total' misstatement amount) to determine their effect in aggregate, particularly for qualitative information, given the variety of types of information.

Before concluding in their report, practitioners should thus consider all the misstatements identified to determine whether:

- there are one or more material misstatements; and/or
- when all are considered, considering the size, nature and number of misstatements, they may reasonably be expected to influence the decisions taken by the intended users of the sustainability statements.

II – Disclosures provided to address Taxonomy Regulation Article 8

The limited assurance engagement covers the disclosures to be reported in the sustainability statements to comply with the provisions of Article 8 of the Taxonomy regulation (and the related taxonomy reference framework).[20] Those disclosures are referred to hereafter as "Article 8 disclosures". The other provisions of this document apply to those disclosures, together with those described in this part II.

14. Obtaining an understanding of the processes for determining eligible and aligned activities

As per their understanding of the entity,[21] practitioners should obtain an understanding of processes that the entity has implemented to identify its activities, their nature (eligible/aligned) and prepare the disclosures required by Article 8.

In particular, practitioners should:

- assess whether these processes cover all of the economic activities, including the economic activities of the entity and those entities included within the scope of consolidation,
- evaluate whether these processes are appropriate to comply with the requirements of the taxonomy reference framework in terms of preparation and formal presentation, and
- evaluate whether these processes provide that the data used to prepare the key performance indicators (KPIs) reconcile with the accounting information underlying these disclosures.

15. Presentation

Practitioners should evaluate whether the disclosures are presented in accordance with the requirements of both the ESRS and of the taxonomy reference framework, namely:

- disclosures are provided for each of the environmental objectives defined in the taxonomy reference framework,
- disclosures are included in a clearly identifiable part of the environmental section of the sustainability statements, and
- disclosures comply with the rules set out in the taxonomy reference framework.

[20] ESRS1 section 8.3 paragraph 113
[21] See section 7 of the guidelines

16. Procedures on Article 8 disclosures

Based on the information gathered when obtaining an understanding of the entity, practitioners should identify and assess the risks of material misstatements in Article 8 disclosures (or, for the first year, identify where material misstatements are likely to arise) and perform appropriate further procedures on selected disclosures.

This identification of disclosures to be specifically evaluated involves consideration of the likelihood of occurrence and the magnitude of any misstatement, covering inaccuracies, deficiencies or omissions in the disclosures.

For each Article 8 disclosure selected, the practitioners should:

- assess whether the disclosure meets the requirements of the taxonomy reference framework, including the format in which these activities are presented,
- assess whether the eligible economic activities meet the cumulative conditions set out in the taxonomy reference framework to qualify as aligned and, in particular, whether the technical criteria defined in the taxonomy reference framework are met,
- assess whether the selected key performance indicators and the accompanying disclosures have been defined and calculated in accordance with the taxonomy reference framework,
- reconcile the accounting data underlying the information selected to the financial statements and, where necessary, communicate with the statutory auditors in this regard, and
- evaluate whether the disclosures are consistent or coherent with the other information reported according to the ESRS (E1, E2, E3, E4 and E5).

III - Digitalisation of the information

The EU digitalisation rules for sustainability statements are not adopted at the date of issuance of the guidelines. The guidelines thus do not cover the requirements introduced by the CSRD related to the electronic format of the information and the compliance of the sustainability statements with the requirements to mark up the information.

IV - Limited assurance report

17. Format and content

The practitioners' limited assurance report should be in writing and should be signed and dated by the natural person responsible for carrying out the engagement in a personal capacity or on behalf of the audit firm or of the assurance services provider appointed.

It should be written clearly and understandable by the intended users.

(1) The limited assurance report should state the following information, specific to the entity:

- the entity subject to the limited assurance engagement,
- whether the sustainability statements are consolidated or not,
- the date and period the sustainability statements cover, and
- that the ESRS and the taxonomy reference framework[22] are the applicable reporting framework for the preparation.[23]

(2) The limited assurance report should state the following information regarding the limited assurance engagement performed:

[22] See Appendix 1 for reference

[23] EU Regulation for mark up and digitatisation to be added once in force

- a description of the scope of the limited assurance engagement, and
- an identification of the standard(s) and/or pronouncement(s) in accordance to which the limited assurance engagement was conducted.

(3) The limited assurance report should state the practitioner's conclusion on:

- the sustainability statements with regards to the relevant legal requirements, meaning the ESRS (this includes the entity's process and disclosures in the sustainability statements),
- the information provided to address Article 8 of the Taxonomy Regulation with regards to the EU Regulation,
- the mark-up of the sustainability statements with regards to the digitalisation requirements.[24]

Compliance with the ESRS, faithful representation and entity-specific information

- *It shall be noted that compliance with legal provisions and with the ESRS covers compliance with the provisions[25] requiring entities to report the information that is necessary to understand the (entity's) impacts on sustainability matters and information necessary to understand how sustainability matters affect the (entity's) development, performance and position, and that meets the qualitative characteristics of the information.*
- *If the entity's materiality assessment process is not appropriately[26] designed and/or implemented the entity may provide incomplete or irrelevant information (with material information, impacts, risks and opportunities not being disclosed or being obscured by non-material information)[27] which would mean that the characteristic(s) of "relevance" and/or "faithful representation", which encompasses completeness,[28] would not be complied with.*
- *Concluding that sustainability statements are compliant with ESRS or have been prepared in accordance with the ESRS covers furthermore the ESRS requirements[29] for the entity to provide entity-specific disclosures when an impact, risk or opportunity is not covered or not covered with sufficient granularity by an ESRS, but is material due to its specific facts and circumstances. This entity-specific information, that goes beyond that specifically detailed by the ESRS, is required as part of the sustainability statements compliant with ESRS.*

Being a limited assurance engagement, the conclusion should be expressed by the practitioners through a negative form of expression.

The European Commission's publication[30] mentions that practitioners are expected to conclude that:

- no matter has come to their attention to cause them to believe that the information included in the sustainability statement is not fairly presented, in all material respects, in accordance with ESRS and that it is not compliant with the legal requirements of Article 8 of the Taxonomy Regulation.

The expression of the conclusion should take into consideration the statements made by the entity, and should be adapted to the situation, where material misstatements are identified (see section 18).

[24] Until the adoption of the digitalisation rules by delegated act, no conclusion on the mark-up is expected in 2025 as explained in section III above

[25] See Accounting Directive Article 19a paragraph 1, or Article 29a paragraph 1 for group situations, and ESRS1 paragraph 2 eg.

[26] To achieve the results required by the CSRD

[27] See EFRAG Materiality Assessment Guidance – paragraph 25

[28] See ESRS1 Appendix B - QC5 "*Faithful representation requires information to be (i) complete (…)*"

[29] See ESRS1 paragraph 11 and Appendix A Application Requirements AR1 to AR5

[30] See Q70 - Frequently asked questions on the implementation of the EU corporate sustainability reporting rules published on 7 August 2024 by the European Commission (https://finance.ec.europa.eu/publications/frequently-asked-questions-implementation-eu-corporate-sustainability-reporting-rules_en)

Until the adoption of the digitalisation rules by delegated act, no conclusion on the mark-up is expected from the practitioners in 2025.

(4) The limited assurance report should furthermore include a summary of the procedures performed by the practitioners.

(5) If deemed relevant by the practitioners, the limited assurance report may in addition include (an) emphasis of matters paragraph(s) (optional). Emphasis of matters paragraphs[31] may be used where practitioners wish to draw the attention of the users of the report to a matter described in the sustainability statements (e.g. clarification provided by the entity or otherwise) and which is key for their understanding of the information.

(6) If deemed relevant by the practitioners, the limited assurance report may in addition include a description of key (assurance) matters addressed by the practitioners during the limited assurance engagement (optional). The matters or disclosures on which practitioners placed specific attention during the engagement may be described in the report, with a reference to the related location of the disclosures in the sustainability statements and a description of the work performed by the practitioners.

18. Adapting the conclusion in the limited assurance report

The conclusion of the practitioners should reflect the outcomes of the assurance engagement.

When, according to the practitioners' judgment, the sustainability statements and/or the article 8 disclosures contain one or more material misstatement(s),[32] the practitioners should express:

- a qualified conclusion if the extent of the misstatement(s) is not pervasive, or
- an adverse conclusion otherwise.

Practitioners should describe the material misstatement(s) identified in the basis for conclusion of the report.

When, in exceptional circumstances, practitioners face a limitation in the scope of their work and are not able to determine whether or not a material misstatement may have been discovered had this limitation not occurred, practitioners should express:

- a qualified conclusion if the potential extent of the misstatement(s) is not pervasive, or
- a disclaimer of conclusion otherwise.

V - Other overarching provisions for the limited assurance engagement

19. Representation letter

Practitioners should request a representation letter signed by at least one responsible member of the entity's senior management or those charged with governance, which includes confirmation of their responsibility for the content of the sustainability statements.

20. Use of expert's work

When practitioners intend to use the work of an expert, they should evaluate whether the expert possesses the necessary competence, capability and objectivity before considering the outcomes of the work and/or the conclusions described in the expert's report.

[31] In any event, an emphasis of matter is not a substitute for a qualified or adverse conclusion

[32] This may occur eg. when a matter has come to the practitioners' attention to cause the practitioners to believe that the outcome of the process has not resulted in the disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS

21. Documentation

Practitioners should prepare and maintain documentation that provides a record of the basis for the limited assurance report. The documentation prepared and retained should be sufficient to enable an experienced practitioner having no previous connection with the assurance engagement to understand the work performed, the evidence obtained and conclusion reached.[33]

22. Subsequent events

Practitioners should consider the effect of subsequent events occurring between the end of the reporting period and the date of the limited assurance report that may influence the sustainability statements and the limited assurance report.

Practitioners are not required to perform any procedures regarding the information after the date of their report. However, if they become aware in the next year of a fact that, had it been known to them at the date of their report, could have led them to amend their conclusion, they should discuss the matter with management and/or those charged with governance and/or take appropriate action as circumstances dictate.

23. Information accompanying the sustainability statements in financial statements and management report

Practitioners should read the financial statements and the management report with a view to identifying material inconsistencies with the sustainability statements, including disclosures provided pursuant to Article 8 of the Taxonomy Regulation. In case of material inconsistencies, practitioners should discuss with the management of the entity and where appropriate, those charged with governance and take appropriate action if material inconsistencies are not addressed. Communication with statutory auditors is also applicable in this situation (see section 12).

24. Specific provisions – information incorporated by reference

When information reported by the entity pursuant to the ESRS, and thus under the scope of the limited assurance engagement, is incorporated by reference, practitioners should check that the conditions described in the ESRS are met,[34] and should communicate with the provider(s) of the assurance report or obtain the assurance report covering the document (or part of the document) the sustainability statements refer to and in which the disclosures incorporated by reference are located. Obtaining the assurance report, when available, or communicating with the provider in charge of that assurance is a means for practitioners to collect appropriate evidence and to avoid duplication of procedures if the provider's assurance work and the conclusion are assessed as relevant and reliable.

In the absence of provider in charge of a limited or reasonable assurance engagement on the document containing the disclosures incorporated by reference, those disclosures should be dealt with by practitioners according to the same approach and procedures as the information included in the sustainability statements without incorporation by reference.

25. Specific provisions – group / consolidated information

Where the entity prepares consolidated sustainability statements at group level, practitioners should check in particular that the entity has carried out the assessment of material impacts, risks and opportunities for the entire scope of consolidated entities to be covered as per the ESRS and has provided information at the consolidated level.

[33] See also Audit Directive Article 27a

[34] Amongst those conditions, the information incorporated by reference should be "subject to at least the same level of assurance as the sustainability statement" (reference ESRS1 paragraph 120 d)

26. Specific provisions – comparative information in the first year

The ESRS does not mandate comparative information for the first year of preparation of sustainability statements under the ESRS.[35] As such, there is no requirement that practitioners perform procedures on comparative information (that are provided to compare the information of the reporting period with the previous period and are not mandated for the first year).

In the absence of a specific request from the entity to the practitioners, if such information is provided in the sustainability statements on a voluntary basis, practitioners should make clear in the assurance report that the scope of the limited assurance engagement does not encompass comparative information related to previous years or periods.

There is no requirement either to provide assurance on comparative information disclosed according to the taxonomy reference framework for the periods that are before the reporting period. The practitioners should not however rely on comparative information for the purpose of assurance engagement on the reporting period if the comparative information has not been subject to procedures allowing for reliance. If they become aware of material misstatements in comparative information in the course of the engagement, they should furthermore evaluate the consequences on their assurance report.

27. Specific provisions – value chain information

The ESRS require the inclusion of value chain information in certain instances.[36] This information is included in the sustainability statements which are subject to the limited assurance engagement. Depending on the specific circumstances and on the risk of material misstatements, practitioners should design and perform further procedures where appropriate.

Similarly to what is the case for entity-related information, practitioners may evaluate the systems put in place by the entity to obtain and report value chain information, which includes information about value chain and information collected from actors in the value chain, when appropriate, and their reliability. Obtaining external evidence or assurance reports is not necessarily required for all value chain information: the level and extent of procedures to be designed and performed on value chain information depends on the circumstances of the engagement and the practitioners' assessment of the risks of material misstatements.

Various transitional provisions are embedded in the ESRS regarding value chain information, which may mean that limited value chain information is required to be reported in the first years of implementation of the ESRS.

[35] See ESRS1 section 10.3 paragraph 136

[36] ESRS1 section 5.1 deals with reporting and section 5.2 clarifies circumstances for the use of estimates.

Appendix 1 - Glossary of terms used in the guidelines with specific meanings

Assurance engagement(s) – as per the CSRD / Accounting Directive Article 34.1 (aa)), engagement(s) based on which the opinion/conclusions of the practitioners is expressed. Assurance can be "limited" (Article 34.1.(aa)) or "reasonable". The guidelines cover "limited assurance" engagements on sustainability reporting introduced by the CSRD.

Article 8 disclosures – the limited assurance engagement covers the disclosures to be reported in the sustainability statements to comply with the provisions of Article 8 of the Taxonomy Regulation (and the related taxonomy reference framework).[37] Those disclosures are referred to in the guidelines as "Article 8 disclosures".

Conclusion(s) – the opinion(s) required by the CSRD / Accounting Directive (Article 34.1 aa) and expressed by the practitioners in their limited assurance report, is referred to as "conclusion(s)" or "opinion(s)" in the guidelines.

Entity – undertaking for which the sustainability statements are subject to the assurance engagement. The entity may have subsidiaries/entities which are in the scope of their consolidated financial statements, and thus in the scope of the consolidated sustainability statements.[38] "Entity" in the context of an engagement on sustainability statements provided at group level, should be read as encompassing all the entities in the remit of the disclosure requirements of the ESRS.

ESRS – European Sustainability Reporting Standards adopted by the European Commission by delegated act, which specify the information that an undertaking shall disclose (in accordance with Accounting Directive 2013/34/EU as amended by the CSRD) about its material impacts, risks and opportunities in relation to environmental, social and governance sustainability matters.

ESEF – European Single Electronic Format for reporting. The requirements to mark up the sustainability information and the procedures to be performed by the practitioners are not dealt with in the guidelines. The details of the requirements applicable have not been adopted at the date of publication of the guidelines.

Practitioner(s) – statutory auditor(s) and/or independent assurance services provider(s) appointed to express an opinion as per the CSRD (see Accounting Directive Article 34.1(aa)). Practitioners must be qualified and registered in accordance with national requirements.

Pronouncements – any vehicle, document, rule, standard or guideline, the provisions of which are to be complied with by practitioners in providing limited assurance according to the Accounting Directive / CSRD in the absence of EU standards on limited assurance adopted by the European Commission.

Procedures – term used to designate the various pieces of work expected from the practitioners in a limited assurance engagement, which may include but are not limited to inquiries, recalculations, verifications, tests, assessments, reconciliations, etc.

Sustainability statement(s) / sustainability reporting – information prepared by the entity to comply with the provisions of the CSRD (e.g., Articles 19a, 29a, 29d Accounting Directive), subject to the assurance engagement. "Sustainability reporting" (which is the terminology used in Accounting Directive Article 34.1(aa))"and "sustainability statements" and "sustainability statement" (which is the terminology used in the ESRS) are used as synonyms in the guidelines. Article 8 disclosures are included in the sustainability statements.

Public Interest Entity or **PIE** – public interest entities are defined by EU law (Audit Directive, Article 2).

Taxonomy reference framework – this terminology is used in the guidelines to designate all the legal provisions defining how the information required by Article 8 of the Taxonomy Regulation EU 2020/852 should be prepared (including Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 including appendices).

[37] ESRS1 section 8.3 paragraph 113
[38] ESRS1 section 5.1 paragraph 62

Appendix 2

References to EU law

Accounting Directive: Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

Audit Directive: Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87).

Audit Regulation: Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77)

Taxonomy Regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13)

Transparency Directive: Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

Reference to Delegated act on ESRS

Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability standards (OJ L 284, 22.12.2023, p.1) and any other future Delegated Regulation adopting ESRS.

Appendix 3

Performance of the limited assurance engagement by several practitioners

1. Where the entity decides to engage more than one practitioner to perform the limited assurance engagement, the practitioners perform their engagement in accordance with the following principles.

Obtaining an understanding of the entity and its environment and assessment of the information obtained, performed individually

2. Before starting the further procedures, each practitioner obtains an understanding of the entity and its environment individually and carries out his own assessment of the evidence obtained.

3. This individual assessment enables the practitioners to define together the procedures to be carried out and how these procedures are to be distributed between the practitioners.

Definition of the procedures to be carried out

4. Based on their individual understanding of the entity and its environment, the practitioners define together, in a concerted manner, the general approach to the work to be carried out.

5. At this stage, the practitioners compare their individual analyses and agree together on the procedures to be carried out.

Balanced distribution of the procedures to be carried out

6. The practitioners divide the work to be carried out between them, ensuring that this division is balanced.

7. The notion of "balanced distribution" is fundamental in the proper exercise of the joint engagement. It involves taking into account quantitative criteria such as the volume of hours of work, and qualitative criteria such as the experience or qualifications of the engagement team.

8. Dividing up the work does not mean that each practitioner works alone. In fact, throughout the course of the engagement, and in particular when the procedures relate to sustainability matters or important and/or complex sustainability information, the practitioners communicate, in particular to assess whether, in the light of the information obtained, the procedures initially planned are still appropriate.

Critical review of the procedures carried out by the other practitioner(s)

9. The work carried out by each practitioner is subject to a critical review by the other practitioner, known as a “cross review”. This review enables the other practitioner to assess whether:

- the work carried out by the practitioner corresponds to what was decided and has made it possible to obtain sufficient and appropriate evidence on which to base the conclusion on the sustainability statements;

- the conclusions reached by the practitioner are relevant and consistent.

10. Based on the assessment of the work and conclusions of the other joint practitioner, each practitioner determines whether additional work is required.

Conclusion

11. The limited assurance report is drawn up jointly by the practitioners.

12. Where the practitioners have differing conclusions, they each state their respective conclusion in the limited assurance report.

Concerted communication with the entity's management and governance bodies, including, where appropriate, the audit committee

13. The practitioners communicate jointly and in a concerted manner with the entity's management and its governance bodies, whether this involves their conclusions on the sustainability information or any important information identified in the course of their work.

Appropriate documentation

14. Each practitioner puts together a file containing the documents that support the conclusions reached.

Cooperation

15. Joint assurance implies close cooperation between the practitioners, requiring them to discuss any important matters identified in the course of their respective work and to speak out together when a matter needs to be discussed with the entity's management or its governance bodies, including situations of disagreement between them, where these exist.