

Policy Statement

Standing for trust and integrity

July 2009



Sustainability

Towards a Sustainable Economy: the Contribution of Assurance

FEE (Fédération des Experts comptables Européens – Federation of European Accountants) wishes to share its strategy on sustainability in the form of a series of policy statements ⁽¹⁾ on core issues in relation to sustainability and the accountancy profession. FEE acknowledges that the urgent nature of the challenge of sustainability is becoming widely recognised. At the level of the organisation, accountants, whether in business, the public sector or within the world of professional practice, must rise to the challenge of sustainability which touches on many areas of traditional competencies.

About FEE

FEE represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

Assurance can be described as obtaining a degree of confidence by an independent practitioner to a party or group of persons in relation to certain subject matters.

Sustainability issues impact an organisation's policy, operations and performance. The increased regulations in this area and the higher expectations of, for example, investors and consumers put pressure on organisations to legitimise themselves in this area. The rise in reporting on environmental and social performance in separate reports, or integrated with financial reports, reflects the increasing importance of this information to management and external stakeholders. In addition other ways to inform consumers and clients on this topic become more important, such as product labelling and information on biofuel processes. This goes hand in hand with the demand for reliable and credible information from management, for managing the organisation's environmental and social risks.

FEE calls upon IFAC to develop a general standard on sustainability assurance. The IAASB needs to extend the coverage of its standards in the sustainability area to reflect the market demands.

FEE believes that reports provided by independent practitioners, monitored by a quality assurance system, enhance the credibility of the information reported by an organisation. Assurance on sustainability topics can be obtained on sustainability information, systems and processes and compliance with codes of conduct.

FEE also believes that the involvement of an independent practitioner, in assurance services or in separate consultancy services, can allow an organisation to benefit from their external expertise and experience and as such improve the quality of sustainability reports and result in positive changes in the organisation itself. The independent practitioner can review sustainability systems, processes and internal controls, reporting material weaknesses to the organisation or offering insights having long-term business implications. Improvements in data measurement, recording and internal reporting systems, learning and knowledge transfer within the organisation all enhance the organisation's internal decision-making process and hence the



ability to achieve its business sustainability objectives. The improvement can be specific to a particular process or procedure or may be general as a consequence of increasing confidence of those within the organisation in its performance, such as in respect of governance issues.

FEE calls upon the International Federation of Accountants (IFAC) to develop standards on sustainability assurance, notably a general standard on assurance on sustainability reporting. FEE acknowledges that the IAASB started to work on sustainability. The IAASB needs to extend the coverage of its standards in the sustainability area to reflect the market demands. FEE also calls upon the standard setters in relation to the different sustainability subject matters on which assurance is requested to develop criteria that are suitable. FEE furthermore calls on regulators to acknowledge that assurance has a role in reinforcing the trust and integrity around sustainability information.

In the domain of sustainability assurance, practitioners with diverse professional backgrounds are currently active. FEE believes that the added

value of the accountancy profession lies in the fact that the profession is subject to an international framework of standards including standards and requirements on:

- Expertise and (permanent) education,
- Assurance engagements,
- Quality control,
- Code of Ethics,
- Use of multidisciplinary teams...

The use of this framework of standards is supported by a strong oversight process and external quality assurance at national and organisation level. ■

Notes:

- ⁽¹⁾ Other Policy Statements issued in the Sustainability domain:
- The Contribution of the Accountancy Profession, January 2009
 - Cost Internalisation, January 2009
 - Non-Financial Information, January 2009
 - Multiple-Stakeholders: The Essence of Multidisciplinary Teams, January 2009
 - Shaping a Sustainable Economy, July 2009
 - Carbon Emissions Information, July 2009
 - Embedding Sustainability into Corporate Governance, July 2009

In addition, FEE has issued a series of policy statements on the Financial Crisis and a policy statement on Auditing and Assurance: International Standards on Auditing (ISAs).

THE MEMBERS OF FEE



FEE is a Regional Organisation of IFAC, the International Federation of Accountants