External Assurance

External Assurance in Sustainability Reporting

Using the AA1000 Assurance Standard to build Credibility and Stakeholder Confidence

Our vision is to make Sustainable Business a Choice for companies and organizations around the world

sustainability knowledge group

External Assurance refers to the methods and processes deployed by an independent assurance provider to evaluate an organisation's public disclosures, systems, data collection and processes against certain criteria and standards. The primary aim is to increase credibility and facilitate decision making by improving stakeholder confidence in the information provided. External Assurance is essential for those organisations that want to increase confidence in the quality of their sustainability content, data and processes portrayed in their reports, as it provides an independent, third-party view of the thoroughness and relevance of the sustainability approach. Yet, the role of the External Assurance is not limited to enhancing an organisation's credibility but also to support the organisation in making the necessary improvements that will lead to overall better performance.

According to the latest aggregated data by GRI, in 2017, an estimated 20% of reports listed on GRI's Sustainability Disclosure Database indicated some form of external assurance.

The AA1000 Series is comprised of three standards:

- AccountAbility Principles (AA1000AP, 2018)
- AA1000 Assurance Standard (AA1000AS, 2008) with 2018 Addendum
- AA1000 Stakeholder Engagement Standard (AA1000SES, 2015) – Revision in Progress

Recently, **the AA1000APS (2008) AccountAbility Principles** have been replaced by the **AccountAbility Principles (AA1000AP, 2018)**. Key changes include:

- It is a Guiding Framework of Principles for Sustainability Management rather than a (prescriptive) Standard
- Introduction of a fourth, overarching Principle — **Impact** — that supports results-based management and accountability
- Facilitates greater alignment with other leading sustainability-related frameworks and standards

The AA1000 Assurance Standard (AA1000AS, 2008)

with 2018 Addendum is the leading methodology used "to evaluate the nature and extent to which an organisation adheres to the AccountAbility Principles".

The AccountAbility Principles (AA1000AP, 2018)

is applicable to organisations of all types and sizes, provides the required criteria for evaluating adherence to the AccountAbility Principles, and its aim is to help organisations "to develop an open, accountable and strategic approach to managing sustainability performance".

The four Principles on which **the AA1000 Series of Standards** are based on are:

1. **Inclusivity** – People should have a say in the decisions that impact them
2. **Materiality** – Decision makers should identify and be clear about the sustainability topics that matter
3. **Responsiveness** – Organisations should act transparently on material sustainability topics and their related impacts
4. **Impact** – Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems. Sustainability assurance that is conducted in accordance with the AA1000AS (2008) "evaluates and provides conclusions on":
   - the nature and extent of adherence to **the AA1000AP (2018)**, and, where applicable,
   - the quality of publicly disclosed information on sustainability performance

Figure 1: The AccountAbility Principles

There are two types of **AA1000AS (2008) sustainability assurance engagement:**

- **Type 1 – AccountAbility Principles:** The assurance provider shall evaluate the nature and extent of the organisation's adherence to all four AA1000 AccountAbility Principles. For this type of assurance, the evaluation of performance information does not require the assurance provider to provide conclusions on the reliability of the performance information

- **Type 2 – AccountAbility Principles and Performance Information:** The assurance provider shall evaluate the nature and extent of the organisation's adherence to the AA1000 AccountAbility Principles, as for Type 1 and shall also evaluate the reliability of specified sustainability performance information that is selected based on the materiality determination and needs to be meaningful to the intended users of the assurance statement.
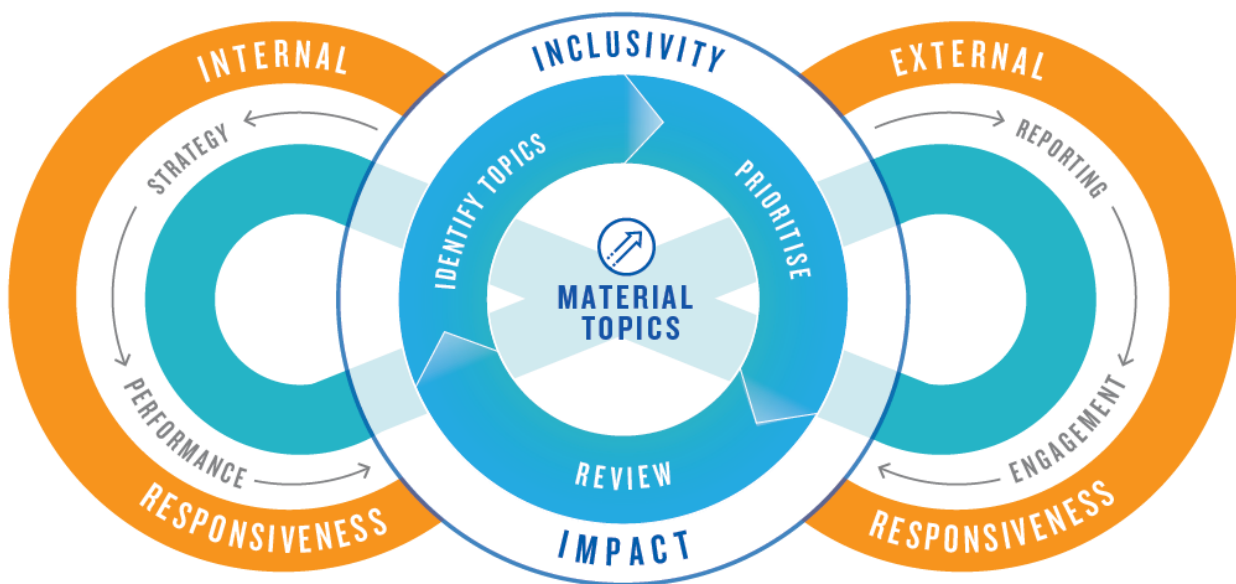

Figure 2: Materiality Determination

There are two levels of AA1000AS (2008) assurance:

1. **A high level of assurance;**

2. **A moderate level of assurance.**

The result of the assurance process is a set of findings, conclusions and recommendations provided by the assurance provider in a publicly issued statement. **Sustainability Knowledge Group is an AA1000 Licenced Provider (000-181)** with verified competences in reporting and assurance practices and it will support your organisation to build investor confidence, meet regulatory requirements and encourage long-term growth.

Credibility

Assurance statements are primarily intended to enhance credibility of Sustainability Reports. Therefore, credibility and independence are important. External assurance shouldnot be performed by the same provider (Sustainability consultant) who wrote the report, as they would be assuring their own work. Assurance statements have value only when they comply with certain requirements of methodology, evidence investigation and when they are performed based on specific standards. AA1000 provides a list with Licenced Providers and a list of the Assurance Statements using the AA1000AS to support organisation to select assurance providers that meet certain requirements and increase the quality and consistency ofAA1000 assurance delivery.

Benefits from External Assurance:

✓ **Increased recognition, trust and credibility**

✓ **Reduced business risk, identification of opportunities for improvement and increased value**

✓ **Better internal management**

✓ **Improved board and CEO level engagement and decision making**

✓ **Strengthened internal reporting and management systems**

✓ **Improved stakeholder communication and relationships**

Resources:

Accountability: https://www.accountability.org/standards/

Sustainability Knowledge Group is a global advisory firm dedicated to creating value, through strategic CSR and sustainability solutions. Sustainability Knowledge Group supports companies to develop, manage and measure effective tailor-made Sustainability and CSR programs which address social and environmental challenges while promoting corporate strategy. **Sustainability Knowledge Group** offers training, coaching and advisory solutions grounded in international theory and successful application, and focuses on proven methodologies that bring tangible results, measurable impact and create better businesses.

If you would like to know more about how to lead in sustainability, utilize proven tools and gain new skills, contact Sustainability Knowledge Group at: contact@sustainabilityknowledgegroup.com.

Contact
Sustainability Knowledge Group
Email: contact@sustainabilityknowledgegroup.com
Web: https://sustainabilityknowledgegroup.com

Address

United Kingdom
85 Great Portland
Street, First Floor,
W1W 7LT, London, UK

Cyprus
Vasili Michailidi 9,
CY-3026, Limassol, Cy-
prus

United Arab Emirates
Jumeirah Business Centre
(JBC), Jumeirah Lake
Towers (JLT), Dubai, UAE

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