

Guidance for Stakeholders Using AA1000AS (2008) Assurance Statements

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Purpose of this guidance

This guidance is for stakeholders who may read assurance statements based on AA1000AS (2008).

It aims to help the reader understand both what the assurance process involves and how to read and understand the various sections of an AA1000AS (2008) assurance statement.

This guidance is one of three guidance documents that support the AA1000AS (2008). The other two are 'Guidance for Reporting Organisations Seeking Assurance to AA1000AS (2008)' and 'Guidance for AA1000AS (2008) Assurance Providers'.

The standards and supporting documents can be freely downloaded from www.accountability21.net/aa1000series

A. Guidance for stakeholders using assurance statements

A.1 The Purpose of AA1000AS (2008) Assurance

Companies are increasingly striving to present a positive and reliable picture of their sustainability performance in their sustainability reports. For this they need readers to take the information seriously. An important element of this process is obtaining an independent view on whether stakeholders have been engaged, whether the company understands and has responded to its most relevant issues and also whether the information in their report is accurate. This process is called assurance.

AA1000AS (2008) is the standard used by independent assurance providers to ensure they follow a rigorous process which ends with insightful, valuable and understandable findings and conclusions in a public statement.

It includes an evaluation of the extent to which an organisation has adhered to the AccountAbility Principles of Inclusivity, Materiality and Responsiveness. It may also include an evaluation of the reliability of certain elements of sustainability performance information such as carbon emissions or health and safety data.

Assurance based on the AccountAbility Principles is more than just checking the reliability of data. One of the underlying concepts for AA1000 is that it is crucial to know that the information is actually important to the organisation's ability to create private and public value, not just if the information is accurate.

Assurance does have its limits though. The assurance statement does not provide an opinion on whether the company is performing well on sustainability. It does not mean that all the important issues to every stakeholder are reported. Nor does it provide absolute assurance that everything is correct, this would be very time-consuming (and in some instances impossible). For opinion statements on performance stakeholder panels, or individual opinions can support formal assurance.

A.2. The Assurance Process

At its most basic, sustainability assurance is about providing certainty about a statement made by someone else. It means having an external party review and evaluate evidence in order to come up with a conclusion on whether publicly disclosed sustainability information is presented in a fair and balanced way.

The assurance provider's role is not to judge the organisation's performance, but simply to ensure that the report provides a fair and reliable basis for readers to make up their own minds.

It is important to know what the scope of the assurance engagement (what was included and what wasn't), what criteria were used in the evaluation process, and what and how evidence has been gathered and evaluated. Knowing this allows the reader of the statement to make a judgement about the quality of the conclusions and recommendations and how credible the organisations public disclosures are.

Before the assurance engagement begins, the assurance provider and reporting organisation agree on what will be covered during the assurance process. For an AA1000AS (2008) assurance engagement the assurance provider will evaluate an organisation's adherence to the AA1000 AccountAbility Principles as a minimum but may also evaluate the reliability and accuracy of certain elements of sustainability performance information.

When performing sustainability assurance the assurance provider gathers evidence. This evidence usually includes documents, interviews, site visits and other analyses. The evidence is then evaluated against agreed criteria.

The evaluation of this evidence enables an assurance provider to develop conclusions and recommendations relating to how well the company has adhered to the AA1000 AccountAbility Principles. They may also provide conclusion on the reliability and accuracy of disclosed information on sustainability performance and the systems and processes used to gather, manage and communicate this information.

The assurance process is often iterative. Preliminary findings may lead the assurance provider to challenge the reporting organisation on certain points. The assurance provider's role is to question the reporting organisation on issues where they feel that

what is being disclosed does not match the evidence they have collected. When this iterative process takes place over the course of the reporting period rather than at the end of the reporting period it gives the assurance provider a better opportunity to understand and observe the systems and processes. It makes the assurance process more valuable to the reporting organisation and readers of the assurance statement. An 'end of pipe' approach rarely produces the same depth of understanding and therefore the conclusions are often less meaningful.

The conclusions and recommendations are publicly communicated in an assurance statement. The statement also outlines the work done to arrive at those conclusions. The reporting organisation does not have the right to revise or edit the assurance statement which will most commonly be published in the organisation's sustainability report. It is the statement that needs to communicate to readers if the information and systems behind it are credible.

A.3. Understanding an assurance statement

As the statement is the public output of an assurance process it is important that any reader understands how to read these statements.

An AA1000AS (2008) assurance statement is required to include the following information, although some statements may include additional information.

Understanding what each requirement asks for can help readers understand assurance statements better and therefore benefit from using them more. Understanding what is expected in an assurance statement can also help you distinguish the good statements from the less good.

The following headings each outline one element of what is required in an AA1000AS (2008) statement, what this means and why it is important.

Intended users of the statement

An assurance statement must identify the audience it is addressing, i.e. who it is written for.

At its broadest the assurance provider will identify all stakeholders, or all readers as the audience, but this will not always be the case.

Other assurance providers will state that the audience of the assurance statement is just the executive management and board of the organisation. This is usually done for legal liability reasons.

The user of the statement should take the declared audience into consideration when reading the statement, but irrespective of the declared audience, any audiences may read the statement and benefit from its findings.

Responsibilities of the reporting organisation and the assurance provider

An assurance statement should explain what the reporting organisation is responsible for (this would usually be preparing the report) and what the assurance provider is responsible for (this would usually be assessing the information in the report).

It must be clear that there is no conflict of interest in the roles and responsibilities. A possible form of conflict is when the assurance provider has consulted on strategies covered by the report, or has helped prepare the report.

Assurance Standard used

If AA1000AS (2008) is used by the assurance provider it must be stated in the assurance statement.

Description of the scope of the assurance engagement, including the Type of assurance

The statement must describe the scope of the assurance engagement, that is, the boundaries to the evidence gathering and evaluation on which the conclusions in the assurance statement are based.

AA1000AS (2008) allows for two types of scope.

- Type 1, AccountAbility Principles: evaluation of adherence to the AA1000 AccountAbility Principles by looking at policies, practices, management systems and processes and performance
- Type 2, AccountAbility Principles and Performance Information: evaluation of the principles plus the reliability of specified disclosed performance information and the underlying systems that generate this information

Type 1 contains the unique aspect of AA1000 assurance, the principles. During this type of assurance engagement the aim is to evaluate evidence with a review to providing a conclusion in relation to each principle. The aim is not to undertake a detailed analysis of the information and conclude whether it is reliable or not. The aim of a Type 1 assurance statement is to give readers confidence that the organisation is being inclusive and adequately engaging stakeholders, that they have a comprehensive understanding of what the most important sustainability issues are for them and that they are responding to these issues.

An example of where Type 1 is valuable is when for example a tobacco company has failed to talk about health implications, or an energy company has failed to address

climate change. In these examples an assurance is required to ask why and if no reasonable explanation is provided, explain to readers of the statement that there have been important omissions.

Type 2 considers all of the questions above in the same way, but it goes a step further and requires a detailed evaluation of whether particular pieces of information are reliable. For example an assurance provider could conclude in a Type 2 statement that the organisation involves stakeholders and understands and responds to its most important issues, but the data on CO₂ is not reliable because of the way the data has been collected or aggregated. A Type 1 would not give you the second part of this conclusion. A further example would be when a company makes a qualitative claim e.g. 'our cars are the greenest'. If this specific piece of information was included in a Type 2 statement, the assurance provider would have to find out what this claim is based on whether the evidence adequately supports the wording of this statement.

The assurance statement must state the type of assurance clearly in the statement.

Description of disclosures covered

The statement must identify the disclosures (i.e. reports or information) covered during the assurance engagement and by the assurance statement.

This is important since more organisations are publishing information in a range of places and formats and not always in a single report. There may be a summary report supported by a detailed report and in depth data on a web site. There may be different reports for different audiences: one for employees, one for shareholders, one for communities or other stakeholders.

Since assurance is based on information that is publicly disclosure it must clearly state what disclosure(s) its findings and conclusions relate to.

The statement must also be clearly attached to the disclosure in question. It is important not to confuse assured from non-assured information.

Description of methodology

An assurance statement should provide a description of the assurance process and the work done.

A description of the work done will include a description of the evidence gathering methods., which may include site visits, document analysis and interviews. For example, an assurance provider may state the number of interviews held and sites visited, the sampling method used and the basis for the sampling method.

This is important particularly if you are interested whether particular sites were visited in the field.

The amount and type of work done will vary on various things including the scope of the engagement, the level of assurance (see below) and the type/sector of the organisation.

Limitations

An assurance statement should mention any limitations in the sustainability report, the engagement scope and the evidence gathering.

Any limitations, such as the unavailability of important evidence or the lack of willingness to answer questions, should be reflected in the conclusions.

This will give the reader a sense of whether there are any caveats to the overall conclusions, this information is useful in judging the credibility of the whole statement.

Reference to criteria used

The assurance statement should state the criteria and standards the assurance provider used to conduct the assurance engagement.

This will be particular criteria the assurance provider and reporting organisation have agreed to use to evaluate particular issues against.

If you are interested in the conclusions on a particular topic you may be interested in knowing what the criteria were used for that element as this again helps a reader understand more about the credibility of the process.

Levels of assurance

There are two levels of assurance, high and moderate.

High assurance provides users with a high level of confidence in the reporting organisation's disclosures, underlying systems and processes such that the risk of their conclusion being in error is not zero but very low.

Moderate assurance enhances the user's confidence in the reporting organisation's disclosures, underlying systems and processes such that the risk of their conclusion being in error is reduced but not reduced to 'zero but very low'.

Levels of assurance relate to the depth of investigation and therefore the depth and breadth of evidence evaluated by the assurance provider. A high level of assurance is based on a greater depth and breadth of evidence. Understanding the level of assurance obtained allows you as user to come to your own conclusion about the credibility of the report.

To illustrate the difference between 'moderate' and 'high' imagine you go to a children's playground and are asked to check whether the ballpool contains only red balls. You can do this to different degrees of detail and then give different opinions about your conclusions.

In the first instance you ask to see the delivery notice which says all the balls delivered were red and you also look at the ballpool to check whether, as far as you can see, the balls are all red.

In the second instance you do the same as above, but you also get into the ballpool and pick up a random number of balls from all over the ballpool, right down to the bottom of the pool and check whether they are all red.

The first scenario gives a moderate level of confidence that all the balls are red, the second a high level of confidence. Neither gives absolute certainty. This is obviously a very simplified example and in practice involves more complexity.

If AA1000AS (2008) is used alongside ISAE 3000 (a non-financial assurance standard developed by the accounting profession) the levels may be described as reasonable and limited.

Findings and conclusions concerning the AA1000 AccountAbility Principles

An assurance statement must provide conclusions on adherence to the AA1000 AccountAbility Principles (AA1000APS 2008). These conclusions should provide information on how an organisation's systems, processes, policies and commitments allow them to adhere to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.

A conclusion on adherence to the Principles is not a statement of compliance but rather a statement on the current nature and extent of adherence. Some assurance providers turn the three principles in a question to be answered in their conclusions for examples:

Inclusivity: Does organisation X engage with stakeholders and involve them in organisational decision making?

Materiality: Does organisation X identify the issues relevant and significant to it and its stakeholders and include these in its disclosures?

Responsiveness: Does organisation X respond to stakeholder issues and feedback through decisions, actions, performance and communication?

Conclusions should be written clearly and concisely in language that will enable the intended audience (and other readers) to understand the assurance providers conclusions.

Findings and conclusions concerning the reliability and accuracy of performance information

An assurance statement for a Type 2 assurance engagement must also provide conclusions on the reliability and accuracy of specified performance information.

The conclusions should also address the quality and credibility the systems and processes used to gather, manage and communicate this information. The conclusion on this are likely to much crisper and cleaner than the more subjective conclusions in relation to the principles. The key question to be answered here is can I rely on the information as stated, is it reliable.

Conclusions should also highlight any material omissions or misstatements.

Observations and/or recommendations

An assurance statement may include observations and recommendations related to adherence to the AA1000 AccountAbility Principles and, for Type 2 assurance, performance information.

These observations and recommendations may address the robustness of processes and systems, opportunities for improvement, and past performance and future objectives and give a more rounded and useful picture to the reader.

Competence and independence of the assurance provider

There must be an assertion in the statement of the assurance provider's competence and independence. The basis for this competence and independence may also be stated but need not be. However, the provider must be able to defend the assertion of competence and independence if asked to by appropriate bodies.

An important benchmark for assurance practitioner competence is the CSAP (Certified Sustainability assurance practitioner) requirements, but due to the multi-disciplinary nature of sustainability assurance other skills such as those of a certified accountant or environmental auditor are crucial.

It is good practice for CSAP practitioners to use these initials after their name in a statement if they are certified. Independence can be demonstrated by asserting adherence to appropriate independence policies or adherence to an appropriate code of ethics and conduct.

Name of the provider

The statement should be signed by the provider. There is flexibility here. But at a minimum the name of the organisation providing the assurance must be stated. Some organisations will include the name of the lead provider; other will also include key team members.

Date and place

Since the statement refers to information already disclosed the statement must be dated.

B. Informative Annexes

B.1 The AA1000 Series

The AA1000 Series is comprised of:

AA1000APS (2008) AccountAbility Principles Standard

AA1000AS (2008) Assurance Standard

AA1000SES (2005) Stakeholder Engagement Standard

The series is supported by Guidance Notes and User Notes. The Guidance Notes, for example, *Guidance for the Use of AA1000AS (2008)*, provide information on how to apply the standards. The User Notes provide examples of the use of the standards.

These standards can be freely downloaded from the AccountAbility website www.accountability21.net/aa1000series

B.2 The AA1000 Series in Translation

The AA1000AS (2003) has been translated into a number of languages. Translating the standard into multiple languages enables wider international use of the standard, a greater depth of understanding at the local level and increased consistency in the quality of assurance engagements worldwide.

It is our intention to translate AA1000APS (2008), AA1000AS (2008) and the Guidance on the Use of the AA1000AS (2008) into a number of languages. AccountAbility is always looking for partners to work with to translate the standard into new languages. If partnering on this is of interest, please contact the Head of Standards at AccountAbility.

B.3 Keeping Standards up-to-date

Standards are living documents that reflect progress in principles, practice, methods and science. To maintain their currency, all standards are periodically reviewed (at a minimum every five years) and where warranted new editions are published. Between editions, amendments may be issued. Standards may also be withdrawn. It is important that readers assure themselves they are using the current standard, which should include any amendments which may have been published since the standard first appeared.

Detailed information on The AA1000 Series of standards can be found on the AccountAbility web site: www.accountability21.net/aa1000series

We welcome suggestions for improvement of our standards and encourage readers to notify us immediately of any apparent inaccuracies or ambiguities. Please address any comments to the Head of Standards at AccountAbility.

B.4 References

- AA1000APS (2008)

Stakeholder Engagement

- The Stakeholder Engagement Standard, AA1000SES
- Stakeholder Engagement Manual, Volume 2
www.accountability21.net/publications.aspx?id=904
- Critical Friends - Stakeholder Panels Report www.stakeholderpanels.net
www.accountability21.net/publications.aspx?id=1088

Reporting

- GRI G3 Guidelines
www.globalreporting.org/ReportingFramework/G3Guidelines/
- Accounting for Good: the Global Stakeholder Report 2005 (The Second World-wide Survey on Stakeholder Attitudes to CSR Reporting) Pleon Kohtes Klewes GmbH / Pleon b.v., 2005 ~
- ACCA (2004) The Future of Sustainability Assurance
www.accaglobal.com/publicinterest/activities/research/reports/sustainable_and_transparent/rr-086
- Canadian Reporting guidance www.sustainabilityreporting.ca
- Context (2006) Reporting in Context 2006: Global Corporate Responsibility Reporting Trends www.econtext.co.uk/cover_scans/InContext2006.pdf
- Corporate Register www.corporateregister.com (Library of Reports)
- DEFRA Environmental Reporting Guidelines
www.defra.gov.uk/environment/business/envrp/guidelines.htm
- FORGE - Guidelines on Environmental Management and Reporting for the Financial Services Sector www.abi.org.uk/forge/
- Friends of the Earth et al (2004) Lessons Not Learned: The Other Shell Report
www.foe.co.uk/resource/reports/lessons_not_learned.pdf
- Prepared by KPMG and SustainAbility for GRI, 2008. "[Count me in: The Readers' take on sustainability reporting](#)",
- KPMG (2005) KPMG International Survey of Corporate Responsibility Reporting
KPMG/ UNEP (2006) Carrots and Sticks for Starters: Current trends and

approaches in Voluntary and Mandatory Standards for Sustainability Reporting

www.unep.fr/outreach/reporting/docs/Public-UNEPKPMG-Report-FIN.pdf

- UNEP/Sustainability (2004) 'Risk and Opportunity': Global Reporters 2004 Survey of Corporate Sustainability Reporting www.sustainability.com
- UNEP/Sustainability (2006) 'Tomorrow's Value' Global Reporters 2006 Survey of Corporate Sustainability Reporting www.sustainability.com
- WBCSD- www.wbcsd.org/
- GEMI (2004) Transparency: A Path to Public Trust www.gemi.org/Transparency-PathtoPublicTrust.pdf
- WBCSD (2002) Sustainable Development Reporting: Striking the Balance
Eurobarometer 217: The attitudes of European citizens towards environment (research Nov 2004, Published April 2005)
- UN Global Compact www.globalcompact.org (also document - A practical guide to Communication on Progress (United Nations Global Compact and Making the Connection: Using the GRI's G3 Reporting Guidelines for the UN Global Compact's Communication on Progress))
- Environmental, Social and Sustainability Reporting on the World Wide Web: a guide to best practice (ACCA/Corporateregister.com)
- Materiality: Redefining Materiality
www.accountability21.net/publications.aspx?id=1168
- Accountability (2006) The Materiality Report: Aligning Strategy, Performance and Reporting www.accountability21.net/publications.aspx?id=560

Assurance

- Assurance: Certification as a sustainability assurance practitioner
www.accountability21.net/publications.aspx?id=368
- AA1000AS (2003): www.accountability21.net/publications.aspx?id=288
- AA1000AS (2003) Guidance note on Principles:
www.accountability21.net/publications.aspx?id=380
- Assurance Standards Briefing AA1000AS (2003) and ISAE3000:
www.accountability21.net/publications.aspx?id=390
- User Note on the Application of the Principles of Materiality, Completeness and Responsiveness as they Relate to the AA1000 Assurance Standard
www.accountability21.net/publications.aspx?id=1242
- The Future of Assurance www.accountability21.net/publications.aspx?id=456
- Assure View, Corporate Register, 2008

- The Materiality Report www.accountability21.net/publications.aspx?id=560
- Better Assurance through Better understanding
- IFAC Framework
- IAASB ISAE 3000
- COS 3410N
- FEE (2009), Policy Statement on Sustainability: Towards a Sustainable Economy: the contribution of Assurance
- FEE, Key Issues In Sustainability Assurance - An Overview

B.5 Certification of sustainability assurance practitioners

IRCA and AccountAbility have established a partnership to provide a professional qualification in sustainability assurance, the **Certified Sustainability Assurance Practitioner Program (CSAP)**.

CSAP aims to:

- Enable practitioners to develop, validate and communicate their competence in a systematic manner.
- Make it easier for organisations to identify credible assurance expertise.
- Improve stakeholder confidence in the expertise of sustainability assurance professionals engaged by organisations.
- Develop a more systematic understanding of key competency requirements for providing effective assurance, and so establish a basis for informing this and other standards in future.

CSAP is intended for all practitioners worldwide including:

- those who work in CSR departments involved in the development of corporate accountability programs;
- those who work in departments involved in internal (assurance) audit processes;
- those who provide consultancy services for organisations on sustainability assurance;
- independent assurance providers who undertake assurance processes; and
- those just starting out in the area of sustainability assurance.

CSAP offers certification at three grades:

Associate Sustainability Assurance Practitioner: an understanding of the field of sustainability assurance gained by attending relevant training. This grade is most relevant to those beginning their career in sustainability assurance, and those involved in related topics

Sustainability Assurance Practitioner: an active practitioner with demonstrable experience over a number of assignments with different clients or, for internal practitioners, over several assurance cycles covering a range of sustainability issues

Lead Sustainability Assurance Practitioner: active in the provision of sustainability assurance and you have led a significant number of sustainability assurance assignments either internally or as part of external assurance assignments. Experience in stakeholder engagement as part of assurance assignments is essential, as is the lead role in forming assurance judgements and the preparation of external or internal assurance statements.

B.6 AccountAbility Assurance Provider Membership and Licensing

Assurance providers can be assurance provider members of AccountAbility.

Use of the standard to provide independent external assurance is under license.

For information on the Assurance provider member program and licensing please go to the AccountAbility website: www.accountability21.net/aa1000series

B.7 AccountAbility Standards Technical Committee

Jennifer Iansen Rogers, KPMG - Chair

Glenn Howard Frommer, MTR Corporation

Dominique Gangneux, ERM

Chuck Gatchell, Nike, Inc. (to February 2008)

Sean Gilbert, GRI

Adrian Henriques, Middlesex University

Vernon Jennings, Independent Consultant

Eileen Kohl Kaufman, SAI

Dave Lucas, Eskom

Paul Monaghan, Cooperative Financial Services

Johan Piet, Transparability

Preben J. Soerensen, Deloitte

Chris Tuppen, BT (to February 2008)

Ian Wood, BT (from February 2008)

David York, ACCA

B.8 About AccountAbility

AccountAbility (www.accountability21.net) works to promote accountability innovations for sustainable development. AccountAbility, founded in 1995, is a global, not-for-profit self-managed partnership with bases in Beijing, Geneva, London, Sao Paulo and Washington D.C., and country representatives in Brazil, Canada, China, Jordan, Spain, Sweden and the US.

AccountAbility is a global network of leading business, public and civil institutions working to build and demonstrate the possibilities for tomorrow's global markets and governance through thought leadership and advisory services. We work to:

- Enable open, fair and effective approaches to stakeholder engagement
- Develop and reward strategies for responsible competitiveness in companies, sectors, regions and nations
- Create and develop effective collaborative governance strategies for partnerships and multilateral organisations that are delivering innovation and value
- Set and influence sustainability standards