

AA1000

ACCOUNTABILITY PRINCIPLES ²⁰¹⁸

**KEY CHANGES AND BRIDGE TO
WIDER REPORTING FRAMEWORKS**

AUGUST 2018

AA1000 ACCOUNTABILITY PRINCIPLES (AA1000AP, 2018)

The latest AA1000 AccountAbility Principles (AA1000AP, 2018) document has been developed to provide organisations with a practical set of internationally accepted principles to guide and manage their sustainability performance¹.

ACCOUNTABILITY'S WORK IS BASED ON THE AA1000 SERIES OF STANDARDS, WHICH ARE FOUNDED ON THE PRINCIPLES OF:

- **Inclusivity** – People should have a say in the decisions that impact them.
- **Materiality** – Decision makers should identify and be clear about the sustainability topics that matter.
- **Responsiveness** – Organisations should act transparently on material sustainability topics and their related impacts.
- **Impact** – Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.

This document highlights the key changes introduced in the AA1000AP (2018) Principles from the previous version (AA1000 AccountAbility Principles Standard – AA1000APS, 2008) as well as positioning, complementarity and uniqueness in relation to the current sustainability reporting and disclosure landscape.





¹: The AA1000AP (2018) is available for download, free of charge, at: <http://www.accountability.org/standards/>

OVERVIEW OF CHANGES

KEY CHANGES INTRODUCED IN THE AA1000AP (2018) ARE AS FOLLOWS:

1. The relevance and applicability of the document have been optimised by **repositioning** the AA1000 Principles as an **overall framework and guidance** for **principles-based** sustainability management and reporting. As guiding principles, the AA1000 Principles are **no longer standards** and separate themselves from the expectations associated with a prescriptive standard.
2. Reflecting contemporary sustainability trends, **Impact** has been added as a **new fourth principle** to the existing three AccountAbility principles of *Inclusivity*, *Materiality* and *Responsiveness*.
3. Each of the AccountAbility Principles have been restructured, with clear **definitions** and **explanations developed** to enable deeper understanding. Additionally, the principles **required criteria** have been **updated** to support both implementation and assurance.
4. The explanation of an **'accountable organisation'** has been extended to include the following more clearly:
 - establishing relevant **governance, structure** and **policies** within the organisation;
 - **identifying** the needs and expectations of the relevant stakeholders in the process of **decision making**;
 - **impacts** on the strategy and associated performance stated; and
 - information disclosed by organisations to be **capable of being assured**.
5. **The scope** of the framework has been redefined to now cover:
 - **type** of organisations;
 - **supply chain** lifecycle;
 - **boundaries of disclosure** maintained in company reporting;
 - differing **definitions** used; and
 - **inter-relationships** between connected AccountAbility Standards in the AA1000 series.
6. **The advantages** of using the AA1000 Principles have been expanded and emphasised.
7. The **flow** and **interaction** between each of the four AA1000 Principles have been represented, allowing flexibility for organisational level of maturity and **reflecting differing practices**.
8. To facilitate better **alignment**, the previous AA1000APS (2008) content has been **updated** to **encompass** relevant parts of other widely-accepted sustainability standards, reporting frameworks, best practice guidelines and regulatory disclosures.
9. Text and terminology have been maintained at a **generic** level to allow **effective application** across issues, sectors, geographies, standards, legal systems, and / or reporting requirements in different countries, thereby enabling **wider use**.
10. **User-friendly** graphics and illustrative **diagrams** have been added to the document to improve **understanding** and **applicability** of the principles by organisations.
11. **Alignment** with other **AccountAbility Standards** has been clarified in the document, with stakeholder engagement aligning to the AA1000 Stakeholder Engagement Standard (AA1000SES) and AccountAbility licensed sustainability assurance using the AA1000 Assurance Standard (AA1000AS).
12. In 2019, a revised edition of the **AA1000 Assurance Standard (2019)** will be released with updates and enhancements - to focus on an organisation's adherence to the **AA1000 AccountAbility Principles (2018)** in sustainability assurance engagements, through mandatory licensing.

CHANGES TO EACH PRINCIPLE - DEFINITIONS

INCLUSIVITY	
	Reworded to clarify the context between inclusivity and an inclusive organisation.
MATERIALITY	
	Reworded to emphasise the identification and prioritisation of material topics. Explanation over impacts and time frame in defining material topics have been included.
RESPONSIVENESS	
	Previous text referred only to stakeholder issues, which has been replaced with text on timely reaction to material topics and related impacts.
IMPACT	
	*New Principle introduced - please refer AA1000AP (2018)

CHANGES TO EACH PRINCIPLE – REQUIRED CRITERIA

INCLUSIVITY

**COMMITMENT, INTEGRATION AND CAPACITY BUILDING**

- Commitment from the highest governing body of the organisation has been emphasised.
- Organisation-wide policies, procedures and processes with regard to governance, strategy and operational management have been specified.

ENGAGEMENT STRATEGY AND PROCESS DEVELOPMENT

- Addressing potential stakeholder and engagement risks has been specified.

PERFORMANCE MEASUREMENT AND STAKEHOLDER COMMUNICATION

- Use of relevant metrics have been specified, replacing previously ambiguous outcome criteria.
- Need for communication with stakeholders to be aligned as per the established boundaries of disclosure has been added.

MATERIALITY

**COMMITMENT, INTEGRATION AND CAPACITY BUILDING**

- Emphasis has been added on senior management of the organisation overseeing the materiality determination process, with cross-functional involvement.

MATERIALITY DETERMINATION

- Clear boundaries, purpose, time period and scope being set with documentation of underlying assumptions have been specified.
- Required Criteria have been rearranged in a more logical grouping of related aspects.

COMMUNICATION

- Emphasis has been added on disclosing prioritisation of material sustainability topics.

RESPONSIVENESS

**COMMITMENT, INTEGRATION AND CAPACITY BUILDING**

- Responsiveness under governance of senior management, including cross-functional involvement has been specified.
- Required Criteria on competencies and resources required for a range of response types have been added.

RESPONSE STRATEGY DEVELOPMENT

- Required Criteria on proposed responses to be validated internally, and where appropriate externally have been added.
- Required Criteria have been rearranged in a more logical grouping of related aspects.

RESPONSE IMPLEMENTATION AND ONGOING COMMUNICATION

- Comparability of information has been emphasised through using reporting principles, frameworks and guidelines when reporting to stakeholders.

IMPACT



- *New Principle introduced - please refer AA1000AP (2018)

BRIDGE TO WIDER REPORTING STANDARDS AND FRAMEWORKS

The AA1000AP (2018), and the different Principles within, share terminology with commonly used sustainability-related reporting standards and frameworks. However, the scope, purpose and definitions are subject to slight variations.

Generally, principles, definitions and terminology used in wider reporting standards and frameworks refer primarily to report-specific factors that need to be considered within the context of these reports. However, the AA1000AP (2018) Principles have been developed to guide an organisation's management performance and behaviour more holistically, while being complementary to internationally and regionally applicable reporting-based principles.

The content of AA1000AP (2018) is the foundation for Sustainability Performance Management, of which reporting represents a sub-element, as shown in Figure 1. As depicted, the AA1000AP (2018) spans a wider scope in organisational sustainability performance, which includes governance and operational performance management, as well as other forms of stakeholder communications beyond a sustainability-related (or integrated) report. The AA1000AP also addresses a range of other stakeholder communications that organisations carry out – such as web disclosures, investor specific forums, country-specific and required legal / regulatory disclosures, or communications with other groups such as a local community who might not refer to a sustainability report.

Figure 1: The AA1000AP in Context



KEY VALUE FOR ORGANISATIONS APPLYING THE AA1000AP (2018)

- The purpose of the AA1000AP (2018) is to provide organisations with an established set of stakeholder-focused, internationally accepted guiding principles to structure and manage the way in which they understand, assess, govern, implement and communicate their accountability and sustainability performance.
- As principles, rather than prescriptive rules, the AA1000AP (2018) Principles allow organisations to decide on what is material to their own vision and activities. They provide a framework for identifying and acting on opportunities, managing non-financial risks and compliance, as well as understanding the impact of an organisation's actions and responding to its stakeholders – potentially in the form of a report or specific disclosures.
- The Principles have been developed to be applicable to all types and sizes of organisations, and effectively work in conjunction with other sustainability-related standards, and any relevant reporting standard or framework in the marketplace².
- The AA1000AP (2018) is performance focused, guiding organisations to engage with stakeholders, fully identify sustainability topics impacting both their non-financial and long-term financial performance and to develop responsible organisational strategies and performance objectives. The AA1000AP (2018), therefore, focuses on a holistic assessment of management performance of which one element represents reporting and communications.

*For the full advantages that organisations could benefit from by applying the AccountAbility Principles, please download the AA1000AP (2018) free of charge, at:
<http://www.accountability.org/standards/>*

2: In the event where the definitions in the AA1000AP (2018) are not complementary to other associated definitions, such as, per national standards, local laws, and required financial or regulatory disclosures, the principles allow flexibility for the organisation to apply the prevailing definition as used by the organisation to meet the corresponding requirement. The AA1000AP (2018) supports consistency and comparability with financial reporting by requiring the boundaries of disclosure to be aligned with the fiscal year and corresponding organisational ownership model.

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