



# Briefing on Revised AccountAbility Assurance Standard (AA1000AS) for Sustainability reporting



# Outline

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# Background

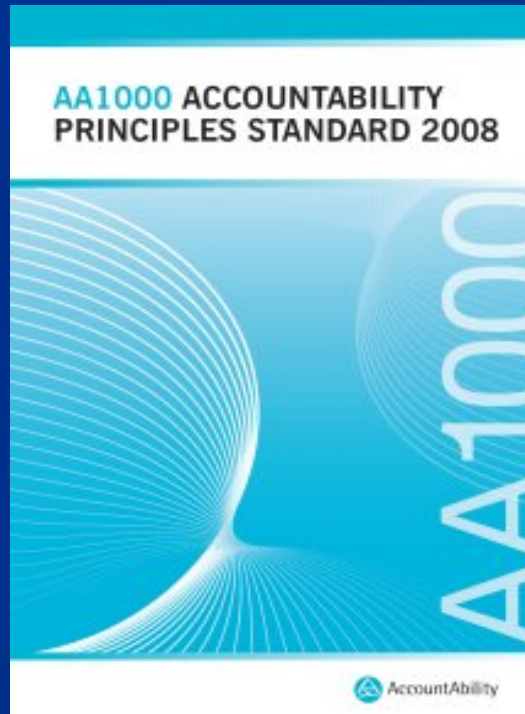
- **AccountAbility has released a new assurance standard AA1000AS (2008)**
- **Move closer to ISAE/ASAE 3000 as now includes:**
  - Need to assess suitability of subject matter
  - Need to assess suitability of criteria
- **Still many issues but significant improvement from 2003 version:**
  - Puts the onus on reporters to adopt the three AA1000 principles (not mandatory)
  - Defining the core of assurance as evaluating adherence to the principles
  - Inclusion of levels of assurance
  - Inclusion of “suitability of criteria” concept

**Potentially the biggest impact on the sustainability assurance market for many years**

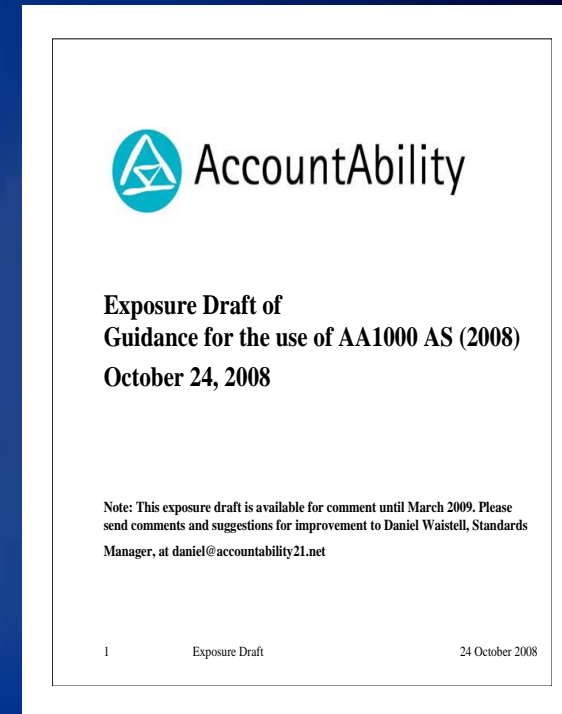
# Components



- For assurance providers
- Contains 2 types of assurance and 2 levels



- For reporters & assurance providers
- No requirement for reporters to adopt
- Criteria for each principle



- For reporters, assurance providers & users
- Exposure draft open for comment until March 09

Source: <http://www.accountability21.net/>

# The 3 Principles

The term “AA1000 Principles” refers to the principles below :

- **Inclusivity (changed from Completeness):**

- Core principle
- Reporter accepts accountability to stakeholders
- Participation of stakeholders in developing and achieving an accountable and strategic response

- **Materiality:**

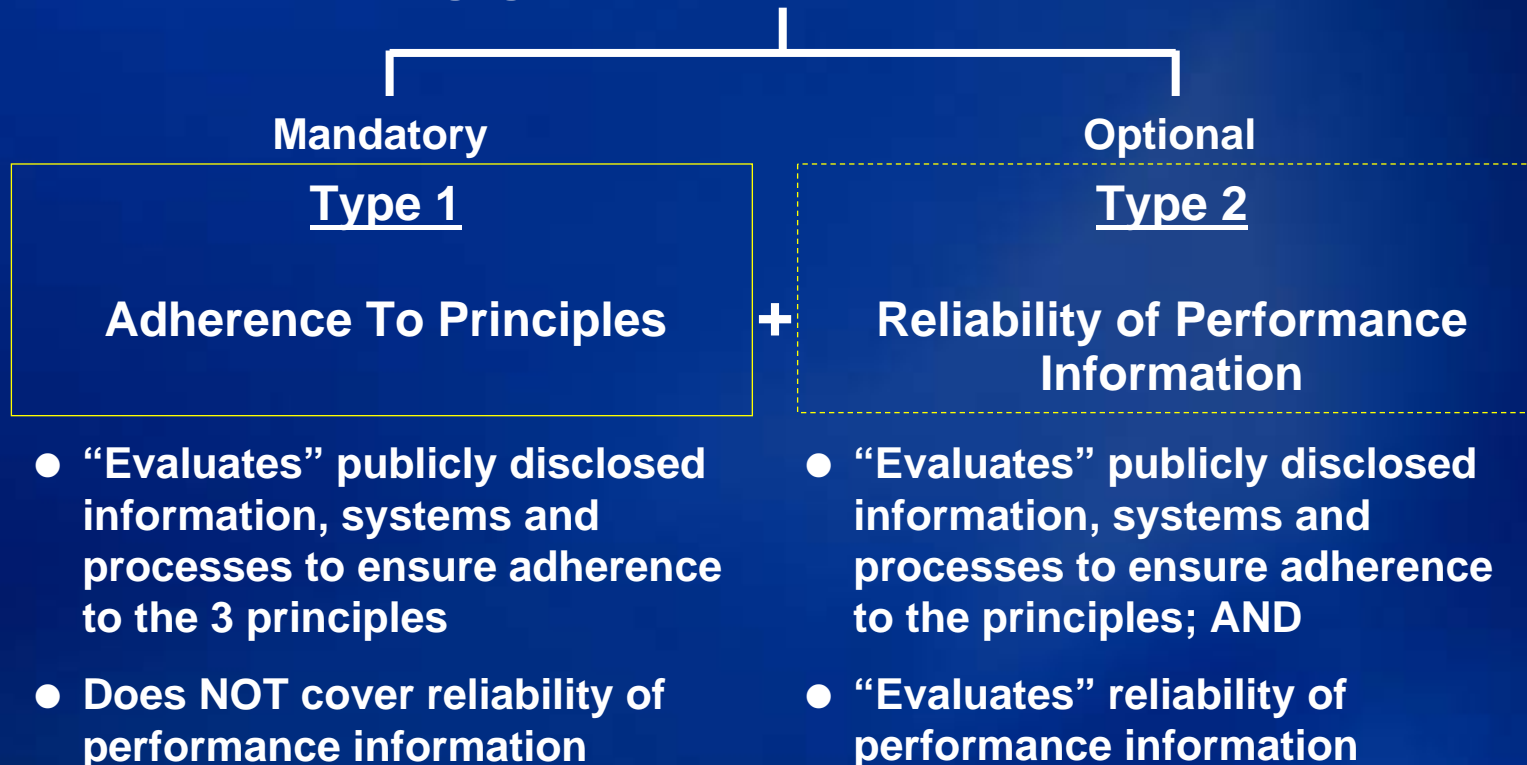
- Influences the decisions, actions and performance of an organisation OR its stakeholders
- Determining the relevance and significance of an issue to an organisation AND its stakeholders

- **Responsiveness:**

- Response to stakeholder issues that affect its sustainability performance
- How an organisation demonstrates it responds to its stakeholders and is accountable to them

# Types of assurance

## Assurance Engagements “In Accordance With AA1000AS”



**Type 2 assurance on its own is not in accordance with AA1000AS**

# Levels of assurance

Level of assurance is to be set at the time of accepting the engagement:

	High	Moderate
<b>Objective</b>	<b>High level of confidence on adherence to principles and disclosures</b>	<b>Moderate level of confidence on adherence to principles and disclosures</b>
<b>Evidence</b>	<b>Internal &amp; external sources:</b> <ul style="list-style-type: none"> <li>• Stakeholders</li> <li>• All levels within the organisation</li> </ul>	<b>Internal sources only, restricted to corporate management</b>
<b>Statement</b>	<ul style="list-style-type: none"> <li>• Principles – conclusion on adherence</li> <li>• Information – conclusion on reliability</li> </ul>	<ul style="list-style-type: none"> <li>• Principles – conclusion on adherence based on work done</li> <li>• Information – conclusion on reliability based on work done</li> </ul>

# Other aspects

- **Subject matter:**

- Type 1 – nature and extent of adherence of behaviours and processes to 3 principles
- Type 2 – reliability of specified information in the report not the whole report

- **Suitable criteria must be publicly available and referenced in the report:**

- Type 1 – the 3 principles in AA1000APS (2008)
- Type 2 – can be established or specifically developed but must be relevant, complete, reliable, neutral and understandable

- **Addressee – must be stated but not mandated to be stakeholders**

- **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)

# Comparison with ISAE / ASAE 3000

## Key aspects:

	ISAE/ASAE 3000	AA1000AS (2008)
<b>Objective</b>	“Fairly stated based on criteria”	<ul style="list-style-type: none"> <li>• Type 1 - Adherence to principles</li> <li>• Type 2 –Reliability of performance info.</li> </ul>
<b>Level of assurance</b>	Reasonable (positive) or Limited (negative)	High (conclusion) or Moderate (conclusion based on work done)
<b>Scope</b>	Subject matter defined by the Reporter but need to assess appropriateness	<ul style="list-style-type: none"> <li>• Type 1 - Adherence to principles of whole report</li> <li>• Type 2 –Reliability of performance information as determined by Reporter but need to assess appropriateness</li> </ul>
<b>Suitability of criteria</b>	Needs to be assessed as a means of measuring the subject matter	<ul style="list-style-type: none"> <li>• Type 1 – AA100APS deemed to be appropriate</li> <li>• Type 2 –needs to be assessed</li> </ul>
<b>Materiality</b>	Understand and assess what factors might influence the decisions of the intended users	Influences the decisions, actions and performance of an organisation or its stakeholders

# Issues to consider with AA1000AS?

- **Involves assurance over process/behaviour and adherence to policies**
- **Number of other differences between ISAE/ASAE 3000 and AA1000AS**
  - **Independence**
  - **Quality control**
  - **Levels of assurance**
  - **Evidence requirements**
  - **Documentation**
  - **Reporting**
- **Potentially blurs line between assurance and advisory**
- **Does it provide the same level of quality of assurance?**
- **May be more appropriate to needs of purchasers of sustainability assurance**
- **Is it possible to comply with both ISAE/ASAE 3000 and AA1000AS?**