

# Assurance

Generating Value from External  
Assurance of Sustainability Reporting  
February 2016

# Contents

<b>Introduction</b>	<b>1</b>	<b>04</b>	<b>07</b>
<b>Executive summary</b>	<b>2</b>	<b>Preparing for success – getting the process right</b>	<b>Observations from thought leaders</b>
<b>01</b>		<b>13</b>	<b>21</b>
<b>Our perspective</b>	<b>4</b>	4.1 Focus 1: Preparing the internal control environment	7.1 Michael Meehan, Chief Executive, Global Reporting Initiative (GRI)
1.1 Project context	4	4.2 Focus 2: Establishing an appointment process	7.2 Paul Druckman, Chief Executive Officer, International Integrated Reporting Council (IIRC)
1.2 Status of assurance	5	4.3 Focus 3: Determining the scope of assurance	7.3 Eric Hespenheide, Chair of the ASEC Sustainability Assurance and Advisory Task Force, American Institute of Certified Public Accountants (AICPA), Chair of the Global Sustainability Standards Board (GSSB)
1.3 Our ambitions	6	4.4 Focus 4: Maximizing the relationship with the assurance provider without compromising independence and objectivity	
1.4 Our findings	6	<b>16</b>	
<b>02</b>		<b>05</b>	<b>08</b>
<b>The Assurance Journey</b>	<b>7</b>	<b>Preparing for success – tips to help facilitate the discussion</b>	<b>Conclusions</b>
2.1 Stage 1: Responsive	9	5.1 What reporters expect from assurance providers	<b>24</b>
2.2 Stage 2: Enhanced	10	5.2 What reporters would like from ‘standards setters’	
2.3 Stage 3: Leveraged	10	5.3 What assurance providers expect from reporters	
<b>03</b>		<b>06</b>	<b>09</b>
<b>The value of assurance for external users</b>	<b>11</b>	<b>Additional recommendations for businesses to maximize value from assurance</b>	<b>Appendices</b>
3.1 Reporting standards setters and framework developers	11	6.1 Obtain and publish an external assurance statement on sustainability reporting	Appendix 1 – Recent developments in the field of external assurance
3.2 Rating agencies and other raters	12	6.2 Obtain external assurance at a reasonable level for at least some material KPIs	Appendix 2 – Assurance Project overview
3.3 Investors	12	6.3 Publish a narrative on transparency and reliability	Appendix 3 – Results from the WBCSD members’ survey on assurance
			Appendix 4 – The WBCSD global landscape survey
			Appendix 5 – Glossary of terms
			Appendix 6 – Further reading
			<b>Acknowledgments</b>
			<b>45</b>

## Key messages

WBCSD members are required to report on their sustainability performance and impacts within one year of joining. Reporting effectiveness and credibility can be enhanced by having an independent assurance statement, which reassures the user of the report that disclosures are reliable thus yielding value.

Whilst many WBCSD members obtain external assurance and progress has been made by many on the journey towards the enhanced quality and completeness of these endeavors, a number of key challenges remain.

This publication outlines the value of external assurance for sustainability reporting and the landscape in which the discussion of this value is taking place, before making a number of key recommendations for assurance providers, assurance and reporting standards setters and framework developers, and reporters including WBCSD members.

In doing so, the WBCSD seeks to bring clarity to the topic of external assurance of sustainability reporting and to support organizations as they begin or progress on their reporting and assurance journeys.

- **Reliable and credible reporting is critical to the achievement of the WBCSD's vision and obtaining external assurance can help bolster this.**
- **This publication is the result of a yearlong project under the umbrella of the WBCSD Redefining Value Program.**
- **Survey results from 2015 demonstrate that WBCSD members strongly support external assurance of sustainability reporting and acknowledge its value.**
- **Reporting Matters data from 2014-2015 demonstrates that not all WBCSD members use external assurance, but a majority do.**
- **Of those that do obtain external assurance, members are at different stages of maturity in the Assurance Journey. This document describes the characteristics of these stages in the WBCSD Assurance Maturity Model.**

## Executive summary

Since its launch in November 2014, this project, part of the WBCSD's Redefining Value Program, has aimed to understand the value that obtaining external assurance of sustainability reporting can bring to WBCSD members. It sought to inspire interest in external assurance amongst members, informing and preparing them for such engagements and an approach for reporters and assurance providers to maximize value creation and reduce inefficiency. We also hope to inform external assurance and reporting standards setters, where relevant, of the experiences and expectations of reporters. This publication outlines the results of our work and offers support and guidance on the journey that lies ahead for all those involved in reporting sustainability information.



The Assurance Project brought together a Working Group of 11 reporters, eight assurance providers, 11 non-WBCSD members comprised of assurance standards setters, sustainability reporting standards setters, reporting framework developers, universities and professional bodies, and three observer organizations.

The Assurance Project provided an insight into assurance use and generated interest in external assurance among WBCSD members by explaining how external assurance can add value to their sustainability efforts and enhance their reporting. This has been valuable in helping create a common foundation and language for reporters, and to help them navigate the assurance landscape with guidance from assurance providers and 'standards setters'.

Central to this publication is the Assurance Maturity Model that has resulted from the various meetings and workshops held during the project. This model can be seen as an *Assurance Journey*. It aims to explain and illustrate the intricacies of external assurance and is composed of three stages that correspond with three potential desired outcomes and three potential assurance scopes. To complement the model, we discuss value creation both internally (for reporters) and externally (for users of the report). Again, this is broken down by corresponding stages in the *Assurance Journey*. To make sure reporters gain maximum value, we also provide guidance to improve their assurance maturity, focusing on four major areas:

- Preparing the internal control environment.
- Establishing an appointment process.
- Determining the scope of assurance.
- Maximizing the relationship with the assurance provider without compromising independence and objectivity.

It is in a reporter's best interest to get assurance in the first place and this topic will be explored throughout the paper. That being said, it is recognized that there are challenges for reporters to complete the full *Assurance Journey* on their own for many reasons. In order to support reporters, we have itemized their expectations of both assurance providers and 'standards setters'. We have also taken the opportunity to offer some recommendations for businesses relating to external assurance:

- Obtain and publish an external assurance statement on sustainability reporting.
- Obtain external assurance at a reasonable level for at least some material KPIs.
- Publish a narrative on the transparency and reliability of the assurance process.

Finally, we have included comments from thought leaders representing reporting and assurance standards setters and framework developers.

We hope this paper will benefit all readers, no matter where they currently are on the *Assurance Journey*, and inspire those organizations yet to set out on this journey to do so with confidence.



# 01

## Our perspective

From the start we set about identifying the status of external assurance usage across the WBCSD membership and determined to what extent members were already engaged. We also investigated the global landscape of regulatory requirements and practices.

### 1.1 Project context

### 1.2 Status of assurance

### 1.3 Our ambitions

### 1.4 Our findings

### 1.1 Project context

One objective of the Redefining Value program is to bring clarity to sustainability reporting by establishing it as a process rather than just an outcome. Accurate information is essential to reliable reporting, and since 2014 WBCSD has included Reliability as an indicator in its annual *Reporting Matters* publication. The Reliability criteria examines whether the report is independently assured and, if so, whether the report has obtained external assurance on the material issues identified by the organization.

The 2015 edition of *Reporting Matters* found a strong relationship between the use of assurance and overall score for the second year. The use of assurance generally has increased year-on-year with some 91% of the 169 reports reviewed indicating some form of an assurance process up from 81% the previous year. Of this sample, 78% of members obtained external assurance whereas 13% only used Internal Audit compared to 73% and 8% in 2014 respectively. We also observed that 4% of the group that obtained external assurance for both editions did not disclose the assurance statement.

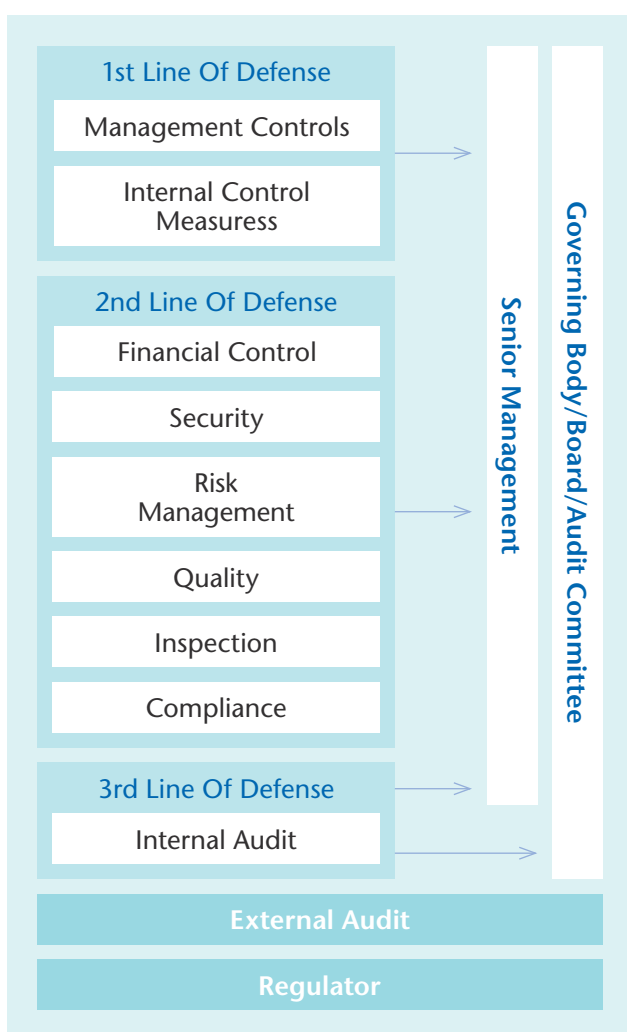
### 1.2 Status of assurance

Whilst not all member companies within WBCSD seek assurance on their reporting, the *Reporting Matters* research indicates that there is clear recognition from many WBCSD members of the business case for expanding the scope and level<sup>1</sup> of assurance on their sustainability information<sup>2</sup>.

External assurance is more effective and efficient when some form of internal control over the reported sustainability information is in place. In fact, external assurance can in turn induce management to undertake actions to reinforce internal control. The Institute of Internal Auditors (IIA) illustrates the maturity of internal control in Figure 1 below by distinguishing between three lines of defense:

- A first line of defense with business operations controlled by performing day-to-day risk management activities.
- A second line of defense with the implementation of oversight functions setting direction, defining policy and providing a first level of internal assurance.
- A third line of defense, with Internal Audit delivering the most advanced type of internal assurance.

→ **Figure 1:** The three lines of defense in effective risk management and control. From Institute of Internal Auditors (January 2013).



This internal process in itself may be a challenging journey that requires a great deal of expertise and commitment from management. It does not occur overnight. The third line of defense in particular offers an objective (but internal) check on the first two lines of defense. It may be complemented by external assurance engagements of various types. These external assurance engagements go above and beyond the three lines of defense proposed in the IIA model as they are independent and external to the organization. These external assurance engagements may include supply chain audits or management system certification which are out of the scope of this paper.

The discussion around assurance of sustainability reporting continues to be developed by reporters, academics, assurance providers and ‘standards setters.’ These actors have been active in researching, debating and discussing the value of assurance and in attempting to further define the objectives, subject matter and relevant reporting criteria for assurance. They have also examined and identified desirable skill-sets assurance providers ought to have to perform their work and maximize their impact. A variety of actors ranging from traditional audit firms to sustainability certification bodies, engineering firms, and non-governmental organizations (NGOs) provide external assurance of sustainability reporting. *Appendix 1* maps the various actors within each of these groups and provides information on their recent activities.

<sup>1</sup> Level refers to *Limited assurance* or *Reasonable assurance*, scope refers to *Assurance scope*. They are defined in the Glossary of Terms.

<sup>2</sup> *Sustainability information* is a subset of the more general term *non-financial information*. It is further defined in the Glossary of Terms.

## 01 Our perspective continued

### 1.3 Our ambitions

In light of these trends, we set three ambitions for this publication:

- **Inspire** interest in assurance among WBCSD members by providing insight into the benefits of external assurance and how to realize these benefits.
- **Enable** assurance providers to have more meaningful engagements with reporters by making reporters more informed and involved in external assurance.
- **Inform** assurance and reporting standards setters and framework developers of the experiences and expectations of reporters that we have uncovered over the course of this project.

The project team and a description of our process can be found in *Appendix 2*.

This publication is not intended to be a ‘how-to guide’ for members – rather, we aim to discuss prominent issues from a big picture perspective. We seek to propose a vision on assurance of sustainability reporting by casting light on existing external assurance practices, the global regulatory landscape, private sector demands, the roles of various actors (including reporters, assurance providers and those engaged in assurance and reporting standards setting), and reservations expressed by these groups. We hope this will help lay the groundwork for a common understanding and, eventually, a common set of solutions for all stakeholders.

### 1.4 Our findings

#### 1.4.1 Member survey on assurance

WBCSD members were surveyed regarding their external assurance engagements and received 62 responses from a wide range of geographies, sectors and various models of incorporation and ownership types. Responses informed the direction of the project and ultimately this publication. Those members that responded stated that they found the assurance process worthwhile, informative and agreed that it generated a medium or high return on investment. A full summary of survey results can be found in *Appendix 3*.

#### 1.4.2 Global landscape of regulatory requirements and practices

There are a variety of geographically-dependent requirements for the external assurance of sustainability reporting. A review conducted by WBCSD found several examples of legislation outlining mandatory requirements for external assurance of sustainability reporting. An overview of the WBCSD findings can be found in *Appendix 4*.

Prominent examples include legislation from Sweden (for state-owned companies (2007)), France (article 225 of the Grenelle II law and its decree), the United States (Section 1502 of the 2010 *Dodd-Frank Act* concerning conflict minerals), Russia (11-46/pz-n regulation for disclosure of information by security issuers), Argentina (the 2015 *Ley de Responsabilidad Social Empresaria*) and the European Union (Directive 2014/95/EU which, in addition to a compulsory requirement for reporting of more general non-financial information to be adopted by EU member states, includes a member state option to require external assurance and an ‘existence check’ of sustainability disclosures beginning in 2017 for auditors). This picture is complemented by stock exchange listing requirements for the Johannesburg Stock Exchange (from 2010 based on recommendations from the third King Commission), and the Taiwanese Stock Exchange (2015).



# 02

## The Assurance Journey

The results of the survey supplemented by the views of the Working Group confirm that independent assurance creates value and its continued use should be encouraged. Building on this, the Working Group has developed the WBCSD Assurance Maturity Model to guide reporters on what we refer to as their *Assurance Journey*.

---

### 2.1 Stage 1: Responsive

---

### 2.2 Stage 2: Enhanced

---

### 2.3 Stage 3: Leveraged

---

### The Assurance Maturity Model

To help reporters navigate their *Assurance Journey*, we have developed a three-stage Assurance Maturity Model. It includes desired outcomes that encourage reporters to obtain external assurance and covers the scope of assurance they seek, as well as the potential value creation at each stage.

The purpose of the Assurance Maturity Model is to help those who seek assurance services understand where they are, where they want to go, and how they can generate value through continuous improvement. We also hope that the Model will enable reporters and organizations or individuals that provide assurance services to have more meaningful and engaging conversations around expectations and consider ways in which they can work together to maximize the value and associated benefits of external assurance.

The Assurance Maturity Model reflects the dynamic nature of the development of assurance within an organization. The desired outcomes, various assurance scopes and stages are part of an ongoing process that reporters can use as a path towards increased value. The three progressive stages – *Responsive*, *Enhanced* and *Leveraged* – summarize various positions reporters might find themselves in.

The desired outcome, stage, and assurance scope will also vary from company to company. For example, a reporter might be driven by a desire for performance benefits corresponding to the *Enhanced* stage on the upper curve, but only receive assurance of a few material KPIs equivalent to the *Responsive* stage on the lower curve. Because these factors must work together to help maximize value and foster long-term resiliency, such discrepancies may hinder the delivery of the anticipated expected benefits. Therefore, in cases where these areas are not aligned, reporters should use this model to help find equilibrium to maximize value.



## 2.1 Stage 1: Responsive

The Assurance Maturity Model shows that reporters in the *Responsive* stage are generally aware of external assurance requirements, market mechanisms, outside pressures and expectations, and seek limited assurance on data or a few KPIs in response. They are generally more externally focused on protecting value – including their reputation – as opposed to seeking internal operational benefits. The potential benefits of external assurance at this stage are therefore often more limited and short term than that of more mature stages.

Recommendations provided by external assurance providers in the context of external assurance engagements should be incorporated into improvement plans for enhancing internal control on sustainability information at every stage. Many companies in the *Responsive* stage, however, may just be beginning their journey and are therefore unable, or unaware of how, to fully utilize the benefits of external assurance. Despite this, they still have the ability to enhance the external perception of their organization or comply with requirements and expectations from various stakeholders. In some cases where the internal control environment is weaker, reporters might find themselves obtaining external assurance as an alternative to some internal control activities, or as an insurance system against mistakes made by internal teams involved in reporting. This is not ideal because it leaves reporters at risk of adverse conclusions. It can be seen as an area of potential improvement for the internal control environment.

As reporters respond to an expanding breadth of pressures and expectations, such as subject-matter initiatives and industry-specific expectations, they have the opportunity to enhance stakeholder trust with a wider audience within the *Responsive* stage. This broader outlook can increase confidence that the reporting can stand up to internal management and external scrutiny and help reporters manage the risk of negative stakeholder reactions.

Companies respond to the business environment in a number of ways. They may react to different pressures such as seeking compliance with legislative requirements for GHG emissions in Europe under the EU Emissions Trading Scheme. They could also seek compliance with stock exchange requirements as is the case with the Johannesburg Stock Exchange in South Africa and the Taiwanese Stock Exchange.

Beyond mandatory requirements, increased attention is being placed on stakeholder dialogue and engagement. Customers, suppliers, investors, and NGOs are among the stakeholder groups that reporters may seek to engage through reporting and assurance of subject matter KPIs. Reporters may also seek to increase scores on rating scales such as WBCSD *Reporting Matters*, which include a Reliability indicator, their CDP disclosure which similarly looks at external assurance to help account for reliability, or the Dow Jones Sustainability Index (DJSI) among others.

Other reporters might seek external assurance as a requirement for inclusion in global initiatives such as the Reporting and Assurance Frameworks Initiative on human rights (RAFI), industry groups such as the International Council on Mining and Metals (ICMM), or subject-specific initiatives such as reducing food waste, zero waste to landfill, or responsible palm seed oil procurement.

Finally, the goal of external assurance may be the result of industry-specific expectations or even industry-specific competition. In this situation, companies may eventually be encouraged to seek enhancement to their sustainability assurance approach and be more in line with the latter stages of the journey in order to differentiate themselves in the marketplace.

## 02 The Assurance Journey continued

### 2.2 Stage 2: Enhanced

Reporters entering the *Enhanced* stage characteristically seek external assurance at a limited or reasonable assurance level on material disclosures and potentially the reporting process. The goal here is often to develop or enhance internal control and data collection with the objective of improving sustainability performance. Reporters at this stage may actively begin seeking ways to enhance performance for their own benefit, not just in response to external pressure. This in turn means that they are more likely to begin realizing medium-to-long-term benefits.

Reporters that progress to the *Enhanced* stage may obtain external assurance to generate greater confidence in the accuracy and reliability of key data used to inform their internal business decisions. This could also lead to improved confidence in how the business delivers its critical programs. Furthermore, assurance and enhanced internal control may increase internal awareness of strengths and weaknesses, improve risk management, drive internal accountability, improve internal goal setting, and drive better utilization of resources. Collectively, these factors could lead to increased organizational efficiency as well as having a positive impact on a wide range of stakeholders.

This value enhancement is not automatic nor guaranteed therefore reporters must make a conscious effort to use the results of the assurance engagement to strengthen performance. Such efforts might include sharing the benefits of external assurance with management teams and governance bodies (often as a result of a compliance-driven assurance engagement). Here, reporters are focused on enhancing internal control over sustainability information. Their assurance providers may provide recommendations in key risk areas, thereby enabling management to undertake and monitor their own specific action plans in each area where performance can be improved.

### 2.3 Stage 3: Leveraged

Reporters in the *Leveraged* stage are looking to gain a competitive advantage through strategic differentiation by enhancing transparency and reliability through assurance. They often seek assurance that the full report meets generally accepted principles including balance and materiality. These reporters often go beyond obtaining assurance on the accuracy of information. They use assurance to seek a high level of confidence in their transparency and trustworthiness that can offer multiple long-term internal and external benefits.

Assurance providers of reporters at the *Leveraged* stage may work in close cooperation with Internal Auditors to undertake comprehensive assurance engagements (such as assurance on business process risks). The higher level of confidence that can result from reporting and assurance at this level can build trust based on the fact that sustainability disclosures and data have gone through a rigorous assurance process. The data may further be incorporated into business decisions that would enhance the company's positioning in the marketplace.

Externally at the *Leveraged* stage, many reporters respond to the information requirements of stakeholders by including sustainability information in their annual report in the form of a combined report or in other mainstream reporting instruments for shareholders and providers of capital (such as integrated reports) as well as more specific/focused sustainability disclosures for other key stakeholder groups. These reporters often include disclosures on challenges such as 'what went wrong', 'what can be done better', or 'what could go wrong' in their reports. They also seek assurance to show stakeholders that they are providing them with credible and reliable information that may inform their decision-making processes.

Internally, reporters at this stage may have started to incorporate integrated thinking<sup>3</sup> into their business model and management decision-making process. They may use assured data internally to explore external threats and opportunities, hoping to use this insight to integrate sustainability considerations into long-term strategic objectives and priorities. This allows organizations to better react to, and drive intentional outcomes in the face of, industry and broader economic trends.

<sup>3</sup> *Integrated Thinking* (as defined by the IIRC) is listed in the Glossary of Terms.

# 03

## The value of assurance for external users

External assurance doesn't just deliver value to reporters. It also increases the credibility and reliability of information within the report and can potentially improve the perceptions of the reporting company with external stakeholders.

In this section, we explore how assurance can benefit external users by focusing on:

### 3.1 Reporting standards setters and framework developers

### 3.2 Rating agencies and other raters

### 3.3 Investors

### Encouraging confidence

The more mature a reporter is on its *Assurance Journey* – both in terms of desired outcomes of assurance and the scope of assurance – the more value external audiences can obtain from the process. In the *Responsive* stage, external assurance may provide additional confidence in the accuracy of specific data in the report. By the *Enhanced* stage, it may add greater confidence in the accuracy of material information and the management of sustainability risks and impacts as well as the fact that the reporting company is making an effort to enhance performance. By the *Leveraged* stage, external stakeholders may view a reporter as being transparent and engaging them appropriately.

### 3.1 Reporting standards setters and framework developers

Reporting standards setters and framework developers often recognize the importance of reporters obtaining external assurance on their reports. The Global Reporting Initiative (GRI) G4 Guidelines include disclosure of a reporter's external assurance.<sup>4</sup> The IIRC has also generated discussion on the topic of external assurance of non-financial information in general and noted that, "respondents generally acknowledged that independent, external assurance enhances credibility and trust."<sup>5</sup> The SASB also found value in external assurance and is creating its standards in a manner to enable companies to have their data externally assured if they voluntarily seek to do so.<sup>6</sup>

<sup>4</sup> GRI G4 Guidelines section G4-33.

<sup>5</sup> IIRC. (July 2015). *Assurance on <IR>: Overview of feedback and call to action*. Section A1 Pg.w11 Assurance.

<sup>6</sup> Rogers, Dr. Jean. SASB. Interview on 18 December, 2015 with Eric Dugelay. See *Appendix 1* for more details.

## 03 The value of assurance for external users continued

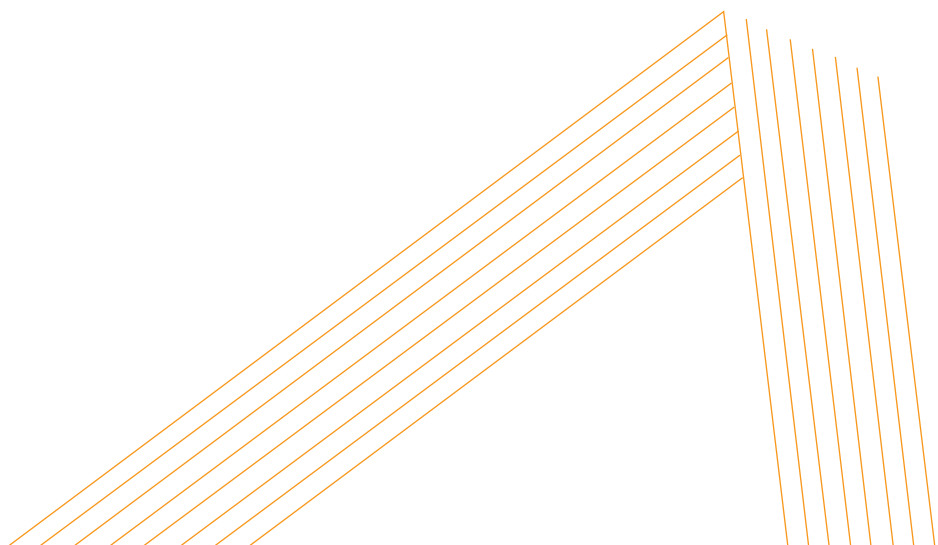
### 3.2 Rating agencies and other raters

Many rating agencies acknowledge the value added by external assurance. EIRIS, RobecoSAM, Vigeo and others positively view reporters that have obtained external assurance of their reports. Non-financial rating organizations such as the CDP have also incorporated indicators on the use of external assurance into their scoring process, further aligning scoring with data reliability. The more mature the company's approach to external assurance, the more it is able to demonstrate transparency and reliability.

### 3.3 Investors

There is emerging evidence that non-financial or ESG disclosures are gaining traction from a growing number of investors such that this information is now informing investment decisions. Investment decisions center on the return on investment. The users of the information disclosed by reporters have greater confidence in the information when those disclosures are externally assured. This can in turn allow investors to have more confidence that they are making appropriate investment decisions, thereby adding value for investors.

Socially Responsible Investing (SRI) indices such as the Dow Jones Sustainability Index (DJSI) and FTSE4GOOD Index are based on investors evaluating a broader range of factors than the financial aspects of their decision-making processes. External assurance can play a role in building confidence with investors that information necessary for these decisions is reliable and credible. This has the potential to drive intentional social and environmental outcomes that benefit society such as reducing the abuse of workers, unsafe working environments, and disregard for human rights as well as improving water and energy efficiency amongst other considerations.



# 04

## Preparing for success – getting the process right

This section provides guidance on how to position assurance to gain maximum advantage. The Working Group has prepared seven recommendations across four focus areas:

### 4.1 Focus 1: Preparing the internal control environment

### 4.2 Focus 2: Establishing an appointment process

### 4.3 Focus 3: Determining the scope of assurance

### 4.4 Focus 4: Maximizing the relationship with the assurance provider without compromising independence and objectivity

### Four focus areas

Four focus areas have been identified to capture the potential value of an external assurance process and the extra value that can be derived from continuing further along the *Assurance Journey*. The level of effort invested in appointing and engaging with the assurance provider should align with the reporter's stage in the Assurance Maturity Model. For example, a company might find that the *Responsive* or *Enhanced* stages meet their business needs. Others might find that their present position is preventing them from achieving the maximum possible return on investment and therefore decide to accelerate their progression.

### 4.1 Focus 1: Preparing the internal control environment

Independent, external assurance can deliver more value when there is a robust internal control environment. In the *Responsive* stage, the robustness of the internal control environment can be assessed through a pre-assurance review or perhaps; with internal 'test-runs' of select data gathering processes. Both of these activities only target a restricted internal user group. The benefit of engaging an external assurance provider to undertake pre-assurance evaluations of processes and internal control is that it can highlight where the reporter needs to make improvements and their relative importance. These procedures may be carried out before the provider begins actual external assurance procedures. The 2013 WBCSD Future Leaders Program publication *Controlling Non-Financial Reporting* may be of help in this regard.

Research and member experience have confirmed that an inadequate internal control environment can add substantially to the workload (and fees) of the external assurance provider and the reporting organization. It may also result in an unfavorable assurance conclusion.

## 04 Preparing for success – getting the process right continued

As a first step, we recommend focusing more on the first line of defense, with the aim of enhancing internal control over sustainability information at a business operations level. Bolstering the second and third lines of defense with policy and procedure setting and appropriate oversight should result in greater efficiency of the assurance process.

We suggest identifying a balance between the scope and level of external assurance on the one hand and the strength of the internal control environment on the other. A robust and prepared third line of defense in the form of Internal Audit will enhance reporters' ability to prepare for, and therefore make the most of, their external assurance engagement. Reasonable assurance is not a panacea. Sometimes, limited assurance with a strong internal control environment may be sufficient depending on the value creation the reporter is seeking. Each of the three lines of defense can help increase the reliability of information and processes.

### → Recommendation:

Consider boosting internal control lines of defense to reduce unnecessary work or the likelihood of negative conclusions by the assurance provider. Maximize value creation and increase reliability and credibility of the sustainability report through a combination of internal control activities and external assurance.

### → Recommendation:

Provide training to internal auditors (if available) to ensure understanding and appreciation of sustainability related risks, and assist them in developing an effective risk-based audit plan and program.

### 4.2 Focus 2: Establishing an appointment process

An effective and transparent selection process of an assurance provider is critical. Reporters should have a coherent selection and procurement process in place for assurance services, in line with established procurement processes that supports their stage in the Assurance Maturity Model. The procurement process should emphasize the objectivity, independence, and value (in terms of price and quality) expected from the assurance provider. In addition, the appointment should assess the subject matter expertise, industry sector expertise and geographic coverage as needed. Required expertise is dependent on the scope of disclosures the reporter wants assured such as GHG emissions, human rights, gender diversity, sustainability information systems, information system processes and internal control, etc. The subject matter expertise should be combined with a deep technical expertise in assurance engagements as confirmed by recognized auditing qualifications or membership of an appropriate professional body. In addition, an assurance provider with a deep knowledge of a reporter's business needs and internal processes is likely to be in a position to bring more value to the reporter from the assurance engagement.

Reporters in the *Responsive* stage should seek assurance providers that are able to demonstrate competence in the assurance of any indicators that have mandatory reporting requirements. As they progress, they should also look for expertise in specific subject matter or industry initiatives. Reporters entering the *Enhanced* stage may want their provider to offer recommendations that enhance internal control and drive performance benefits. Reporters entering the *Leveraged* stage may want their assurance provider to offer a more comprehensive assurance process and provide recommendations that may want their assurance provider to offer a more comprehensive assurance process and provide recommendations that may enhance their organization's overall strategy.



The selection process may also include asking potential assurance providers about their fees, workplan, scope and level of assurance based on the reporter's objectives. As reporters seek to increase the scope and level of assurance, they may consider engaging a provider that can deliver an assurance statement that can be considered in line with the expectations of audited financial statements. Ultimately, the appointment process should make clear what reporters expect from the external assurance engagement. Reporters who are not familiar with the engagement of assurance services should consider support within their organizations from the individuals or functions that are. For example, the Finance and Internal Audit functions will have experience, as will many Quality Assurance functions.

→ **Recommendation:**

Employ a selection process that emphasizes objectivity, independence and value. In addition, consider the potential providers' subject matter expertise, sector knowledge, knowledge of the reporter's business needs and internal processes, technical expertise in assurance engagements and geographic footprint.

→ **Recommendation:**

Select the external assurance provider in a professional manner through a fair and consistent process, usually through a request for proposal (RFP) process, and against pre-defined selection criteria (as noted above).

### 4.3 Focus 3: Determining the scope of assurance

Reporters should implement a comprehensive and transparent assessment process that determines what significant issues are relevant when preparing their report. Many sustainability reporting and assurance frameworks refer to this as a materiality assessment. However, in some jurisdictions this terminology may have different definitions, so we refer to it as a significant issues assessment process in this paper.

The determination of significant sustainability issues by the reporter should impact the scope of work of the assurance provider. If local regulation requires the assurance provider to review and confirm such a process, this should be factored into the assurance timeline and into the selection process above.

Reporters in the *Responsive* stage might ask the assurance provider to limit the scope of external assurance to specific issues that concern compliance and/or stakeholder pressure such as GHG emissions. As they progress, they may also seek assurance on subject- and industry-specific initiatives. Reporters in the *Enhanced* stage will want to obtain assurance on material information and KPIs. At the *Leveraged* stage, reporters typically place further emphasis on balance and materiality, seeking assurance that the full report meets these two generally accepted principles. These objectives may be met when the report has been prepared using a comprehensive reporting framework.

→ **Recommendation:**

Disclose the significant issues assessment process and discuss with the external assurance provider so the assurance provider focuses on those issues and makes recommendations on the subjects that matter most to the reporter and stakeholders.

## 04 Preparing for success – getting the process right continued

### 4.4 Focus 4: Maximizing the relationship with the assurance provider without compromising independence and objectivity

Whilst it is vital that the assurance provider's objectivity and independence not be compromised, or seen to be compromised, it is recommended that the reporter and assurance provider leverage from each other's expertise and experience. This might mean engaging internal teams in the external assurance process or considering the use of a joint process between internal auditors and external assurance providers.

*Responsive* reporters are generally at the beginning stages of this process but there are still opportunities to create mutually beneficial outcomes. Reporters progressing to the *Enhanced* stage oftentimes begin to better understand stakeholders' demands and to improve both their internal control over sustainability information and their reporting process as a result of the assurance engagement. *Leveraged* reporters enhance their performance and derive a differentiating strategy from the process and, therefore, should work with an assurance provider who is able to provide useful insight and examples on these initiatives.

→ **Recommendation:**

Engage internal teams in charge of measurement, valuation and reporting of sustainability information in the external assurance process. This may help to build an effective and efficient relationship with the assurance provider.

→ **Recommendation:**

Engage the Internal Audit team on sustainability assurance and involve them in a joint assurance process with the external assurance provider. This could save money, improve the efficiency of the assurance process and make it easier for the reporter's management to accept results and endorse the proposed recommendations.

# 05

## Preparing for success – tips to help facilitate the discussion

Assurance providers, assurance and reporting standards setters and frameworks can help reporters gain value from external assurance and make progress on their *Assurance Journey*. Likewise, reporters can enable a smooth assurance engagement process by being prepared for the engagement and knowing how to interact with the assurance provider in a meaningful manner.

### 5.1 What reporters expect from assurance providers

### 5.2 What reporters would like from 'standards setters'

### 5.3 What assurance providers expect from reporters

### 5.1 What reporters expect from assurance providers

As with any commercial and professional engagement, trust is vital to its success and effectiveness. As noted in Chapter 5, assurance providers should ensure they use consistent methodologies to allow reporters to prepare for the engagement and know what to expect. If adjustments to the initially agreed to approach are required for professional and/or technical reasons, assurance providers should discuss these modifications and assess the impact it will have on the reporter's readiness as far in advance as possible.

Reporters expect assurance providers to engage them at all stages of their assignment, including the selection of locations for site visits for testing when appropriate. The assurance providers should analyze and discuss opportunities with Internal Audit over assurance procedures if Internal Audit is available. When performing an assurance engagement for the second consecutive year, the findings and recommendations of the previous year and the results of the action plans developed by the reporter's teams should be taken into account.

## 05 Preparing for success – tips to help facilitate the discussion continued

### 5.2 What reporters would like from 'standards setters'

WBCSD members are keen to see convergence in the reporting and assurance landscape. Due to this, we recommend that assurance standards setters establish and maintain the necessary level of dialogue between themselves to ensure the convergence of the various standardization initiatives. Currently, assurance providers<sup>7</sup> often use the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements (ISAE) 3410: 'Assurance Engagements on Greenhouse Gas Statements'. These standards can also be used by others than professional accountants if they comply with the ethical and quality control requirements included in such standards. WBCSD members recommend that a standard be developed for external assurance of sustainability information, leveraging ISAE 3000 (Revised) and ISAE 3410. The IAASB should also consider broadening the scope of such standards to include the assurance of integrated reporting as defined by the IIRC.

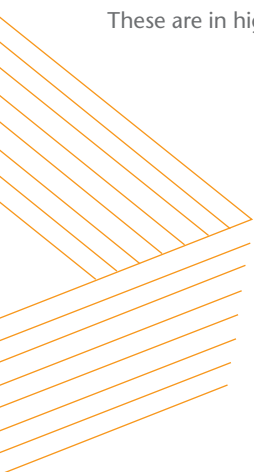
Reporting standards setters and framework developers including the Climate Disclosure Standards Board (CDSB), the GRI through its Global Sustainability Standards Board (GSSB), the IIRC through its International <IR> Framework, and the Sustainability Accounting Standards Board (SASB) must create assurance-friendly reporting standards and frameworks. These are in high demand from reporters.

### 5.3 What assurance providers expect from reporters

There are three major phases of the assurance process and each represents opportunities for maximizing the value from the assurance engagement. These phases are before, during, and after the engagement.

Before the engagement, it is helpful for assurance providers to understand what experience the reporter has with external assurance, what are the desired outcomes, and the level and scope of assurance they initially expect to obtain. These discussions are easier for providers when the reporters are educated and prepared.

During the engagement, there are certain characteristics reporters can embody that can help make the process more beneficial. These include being prepared for the engagement itself and knowing to what extent they should or should not be involved, taking accountability throughout the engagement, being open-minded and willing to cooperate and engage where appropriate. After the engagement, assurance providers look for reporters to agree on action plans and ensure they are taking the proper steps to address the points made after the engagement.



<sup>7</sup> Assurance Providers are referred to as Assurance Practitioners in ISAE standards and definitions.

# 06

## Additional recommendations for businesses to maximize value from assurance

This section provides guidance for businesses on how to potentially improve the value of external assurance. The Working Group has proposed three recommendations with regard to external assurance of sustainability information:

### 6.1 Obtain and publish an external assurance statement on sustainability reporting

### 6.2 Obtain external assurance at a reasonable level for at least some material kpis

### 6.3 Publish a narrative on transparency and reliability

### 6.1 Obtain and publish an external assurance statement on sustainability reporting

WBCSD *Reporting Matters* research revealed that 22% of members do not currently obtain external assurance, which the WBCSD would like to see change. Additionally, some reporters state they have engaged an independent assurance provider but have not disclosed the assurance provider's assurance conclusion. Non-disclosure may make the report reader come to the conclusion that the assurance conclusion was negative. This could negatively impact the view of the reader as to the reliability and trust in the reported information.

### 6.2 Obtain external assurance at a reasonable level for at least some material kpis

Although reasonable assurance of at least some material KPIs is not explicitly included in the assurance maturity model, the Working Group found that mature reporters obtain external assurance on material KPIs in conjunction with either limited or reasonable assurance on the process. This is also confirmed through *Reporting Matters*. Obtaining reasonable assurance demonstrates a commitment towards ensuring that those significant sustainability issues are being subject to a level of scrutiny that is higher than at a limited assurance level and subject to detailed substantive testing.

## 06 Additional recommendations for businesses to maximize value from assurance continued

### 6.3 Publish a narrative on transparency and reliability

Since the assurance of sustainability reporting is relatively new, reporters should consider disclosing their assurance efforts in both a descriptive and quantitative manner in their sustainability report to explain their motives and approach to the process.

The description of assurance efforts should provide context and narrative on the reporting process, underpinning or substantiating efforts made to enhance the reliability and transparency of the report. This is aligned with GRI G4 Guidelines section G4-33. The description may include how reporters have bolstered their internal lines of defense throughout the reporting process and/or the number of person-hours or fees paid to external assurance providers. In many jurisdictions the fees paid for the financial statement audit and for additional work performed by the financial auditors are required to be disclosed.

During the first project Working Group meeting, the idea of encouraging reporters to publish assurance fees and workload performed by external assurance providers was raised. WBCSD included both ideas in a subsequent survey and it received overwhelming support. We believe that such disclosure would enable companies to better understand the assurance market and benchmark their position in the industry, as well as likely leading to an increase in the utilization of external assurance engagements whilst also allowing the readers and users of the report to compare and contrast the assurance efforts employed.



# 07

## Observations from thought leaders

Assurance and reporting standards setters and framework developers have an important role to play in ensuring that external assurance delivers maximum benefit to sustainability reporting. In this section, three of the leading players provide their observations.

### 7.1 Michael Meehan, GRI

### 7.2 Paul Druckman, IIRC

### 7.3 Eric Hespenheide, AICPA

### 7.1 Michael Meehan, Chief Executive, Global Reporting Initiative (GRI)

“Confidence is the currency of the market,” says Michael Meehan, CEO of the Global Reporting Initiative. “The reliability of the information contained in corporate reports is a key factor in increasing the trust and confidence stakeholders have in companies. Like other forms of corporate reporting, the sustainability reporting process leads to greater confidence in the corporations producing this information.”

For Meehan, developing sustainability reports should be part of a larger strategic process for an organization. The sustainability reporting process is a way to identify and address the various non-financial risks an organization may face – critical sustainability issues like human rights, corruption, environmental or gender issues. The purpose of the sustainability reporting process should primarily be to make better corporate decisions, rather than the sole purpose of publishing a report for the external world.

In this sense, Meehan finds undertaking a broad materiality assessment that includes all stakeholders very similar to developing a corporate risk map, and believes that all types of relevant subject matter should be considered including legal risks generated by unethical behavior and corrupt practices, which is an important challenge for the assurance provider to face.

## 07 Observations from thought leaders continued

The focus of the assurance engagement should align with the purpose of the reporting process and go beyond the report itself to look at the process as a whole. This aligns with the efforts by GRI in 2015 to move from a framework to a standard with the creation of the Global Sustainability Standard Board (GSSB). Because GRI is contributing to the standardization of corporate reporting, the verifiability of the data in turn becomes even more important.

In Meehan's view, external assurance engagements should focus on three primary questions:

- Is the reporting process contributing strategically to the organization?
- Is the materiality process correct?
- Is the data correct?

Meehan asserts that the key attribute of the assurance provider should be their expertise in the various matters that assurance on sustainability information encompasses, and assurance providers should concentrate on their respective areas of expertise. Because of this, Meehan is not opposed to the idea of having several assurance providers working together.

### 7.2 Paul Druckman, Chief Executive Officer, International Integrated Reporting Council (IIRC)

"I would like to see external and internal assurance working together more" says Paul Druckman, leader of the IIRC, "the danger being the creation of further rigid compliance as opposed to a means of improvement."

In addition to the role of external assurance, Druckman finds it important to highlight the crucial distinction between non-financial information generally and sustainability information specifically. The main focus in the paper is on assurance of sustainability reports with a concern that it is fundamentally environmental and social reporting that is being referred to in the context of non-financial, whereas the integrated reporting framework talks to a multi-capitals approach – including environmental and social matters.

Druckman finds it important to encourage and guide preparers along the Assurance Journey and any approach of the WBCSD along these lines is a useful contribution to the discussion. The recent report on assurance from the IIRC sets challenges for the various parties involved in assurance and these include a call to those charged with governance and senior management of organizations implementing <IR>. The report also states that <IR> is relatively new and is still evolving; assurance on <IR> will need to evolve alongside the practice of reporting itself. Thus with this report seeming to recommend reasonable assurance for certain KPIs, while this may in fact be appropriate, it is critical not to be prescriptive too early in the cycle of thinking through these issues.

Finally, Druckman is convinced that the path forward must be done in collaboration with existing standard setting structures as it is only then that the required rigor can deliver the credibility that we all desire.



### **7.3 Eric Hespenheide, Chair of the ASEC<sup>8</sup> Sustainability Assurance and Advisory Task Force, American Institute of Certified Public Accountants (AICPA), Chair of the Global Sustainability Standards Board (GSSB)**

“The principal reason that people seek external assurance on their reporting is that they want to instill a sense of confidence, reliability, and trust in what they are reporting on,” says Eric Hespenheide, Chair of the AICPA’s ASEC Sustainability Assurance and Advisory Task Force. “If sustainability information is worth compiling, analyzing, presenting and publishing, then the company needs to have a high degree of confidence in the data as with financial information and obtaining external assurance can provide this.”

For Hespenheide, obtaining external assurance is a signal of confidence for an organization. If an organization believes what they are publishing is of a critical nature that influences a broad range of stakeholders, then assurance is a further step that the company can take to verify the information and demonstrate that they believe it is valuable.

If, on the other hand, publishing is only for communications but not for influence, then assurance – and the reporting itself – is not necessary in the first place. The value of the reporting and therefore the associated value of assurance really increases as the importance of the information being reported increases in the minds of stakeholders.

Finally, Hespenheide feels that the accounting profession is well-positioned – particularly in light of the trend towards adopting integrated reporting – to provide external assurance of a company from the top down. He feels they have the necessary attributes and skills to validate assertions of management. The profession has continuously evolved and will be able to adapt to future challenges by broadening their skill set to meet the demands for expertise.

<sup>8</sup> Assurance Services Executive Committee.

# 08

## Conclusions

**This report shows that external assurance can bring value to companies and a wide range of internal and external stakeholders. However, for many organizations, external assurance remains a journey to be undertaken that is intertwined with the development of more robust sustainability reporting.**

Sustainability reporting is a journey and so it is to be expected that assurance on such reporting is also a journey. External assurance of sustainability reporting has not yet made its way into the 'Gold Scenario for the Year 2020' described by the Association of Chartered Certified Accountants (ACCA) and AccountAbility<sup>9</sup> in their 2004 joint publication *The future of sustainability assurance*. In such scenario, external assurance of sustainability reporting would have moved away from a limited focus on public reporting to a wider consideration of organizations' underlying processes and systems. Despite the fact that there are a number of assurance standards that are used globally and promising recent initiatives from various assurance standards setters – highlighted in *Appendix 1* – there still is no global consensus on a set of overarching Generally Accepted Assurance Standards for Sustainability (GAASS) in practice. However, recent developments amongst assurance standards setters appear to be moving assurance practice in this general direction.

Our research and that from *Reporting Matters* confirms that there are multiple drivers motivating external assurance usage. These cover a wide and diverse spectrum that ranges from compliance obligations to managing stakeholder expectations, from control monitoring to enhancing performance and competitive edge. These diverse drivers influence the scope of external assurance and we have noted scope can range from obtaining assurance of sustainability data and possibly the process used to determine priority areas, to the balance of disclosed information in the report.

The WBCSD Assurance Maturity Model describes the three stages that companies can expect to experience on their *Assurance Journey*. The Model demonstrates the value that external assurance brings to reporters both internally and externally at each stage. We hope it will clarify discussions around the external assurance of sustainability reporting and support reporters seeking to progress along their *Assurance Journey*.

<sup>9</sup> AccountAbility was the creator of the original AccountAbility 1000 Assurance Standard (AA1000 AS) which is referenced in the Glossary as well as the AccountAbility 1000 AccountAbility Principles Standard (AA1000 APS).

## 09

## Appendices

---

**Appendix 1 –  
Recent developments in the field  
of external assurance**

---

**Appendix 2 –  
Assurance project overview**

---

**Appendix 3 –  
Results from the WBCSD members' survey  
on assurance**

---

**Appendix 4 –  
The WBCSD global landscape survey**

---

**Appendix 5 –  
Glossary of terms**

---

**Appendix 6 –  
Further reading**

---

### Appendix 1 – Recent developments in the field of external assurance

The topic of external assurance of sustainability information has continued to develop in 2015. These developments have been led by a variety of constituencies including academics, assurance providers, and reporting and assurance standards setters and framework developers.

Please note, the entries in this appendix are validated statements provided to us on behalf of the following entities and do not necessarily reflect the views of WBCSD.

#### Academics

Professor Roger Burritt, Professor Stefan Schaltegger and Dr. Katherine Christ, Non-WBCSD Working Group Members of the Project from Macquarie University, Australia and Leuphana University Luneburg, Germany, representing the Environmental and Sustainability Accounting Network (EMAN), summarize the main academic perspectives on the external assurance of sustainability reports as follows. You can also find an overview of suggested academic articles in *Appendix 6: Further reading*.

“It is surprising how little academic research is available to inform decisions about external assurance of sustainability, CSR and integrated reports. Because of the variety of assurance providers in the market, with different scopes, methods and assurance statements, it is not easy to prescribe best practice. Also, provision of assurance is regional, being more popular in Europe, Australia and Japan than in the USA where regulatory oversight acts as a substitute way of increasing credibility, banks have close monitoring and accountants are less involved. Hence, development of new assurance markets with a variety of assurance systems and players is just the reason why research is needed and can be of help to practitioners.

## 09 Appendices continued

In the current research literature, two main approaches are at play. First, some academics are concerned about cherry picking the issues reported and engaging in greenwash to place the organization in a positive light. The WBCSD alludes to this possibility when the scope of reporting is acknowledged as being identified by the organization rather than the assurer, or other parties. While various authors focus on identifying greenwashing and elaborate on how far corporate practice is from an academically imagined ideal of full transparency, the role of assurance and whether it can reduce greenwashing successfully has so far been analyzed less often.

Second, other academics are concerned to see decision-making based on credible and reliable information. They focus on developing management accounting methods and the best internal information management processes so that there is continuous improvement in sustainability performance and that the assurance outcome can be relied upon.

One of the main complications is that – unlike corporate financial performance – measures, measurement methods and reporting of social and environmental performance are less well established. The benchmark and best practice against which assurance can be conducted is often missing. In some cases, such as greenhouse gas reporting, this situation is eased as there are well established accounting and reporting standards available. However, even greenhouse gas reporting and assurance is complex and remains at an immature stage of development. Complexity and context specificity of the subject matter and the lack of standard metrics mean that best practice in an assurance engagement about sustainability reporting is yet to be established with both the process and the outcome being interrelated and important. Here is a great opportunity for academics through hands on research to find out what makes for good assurance practice and good assurance providers, as for example some have engineering backgrounds, some meteorological/hydrological, while others are mainstream auditors of financial reports who stress independence and materiality.

Development of teams with a variety of expertise to address social, environmental, labor and human rights issues is favored although research into the benefits of this configuration is yet to establish the link with better performances. A research opportunity exists because little is known about the benefits of external assurance of sustainability reports, or why some companies obtain assurance but do not disclose the fact.

Evidence exists that credibility and quality of sustainability reports is best served when accountants act as the assurance providers. Examination of the quality of the external assurance provided has been a focus of academic research with a risk-based approach as used in conventional auditing being the favored foundation for analysis. However, the scales adopted for risk measurement are still being developed.

Complexities associated with external assurance of sustainability reports has meant that value added by the assurance process is still not well established with the perception that the costs seem to outweigh the benefits of this largely voluntary activity. Researchers continue to grapple with issues of value, performance and the non-recognition of assurance practices by the companies themselves.

Sustainability affects many stakeholders. Experimental research examines the relevance of sustainability indicators and their assurance on investors' decisions and finds external assurance increases the perceived credibility of reported information to non-professional investors."

## Assurance providers

Assurance providers have strategically positioned themselves in the debate. The Big Four firms have all taken initiatives in the field of assurance of sustainability information.

Deloitte recognizes the need for corporate reporting to evolve and the importance of organizations focusing on the concepts of integrated reporting and sustainability issues. Deloitte has been instrumental in coordinating the work of the WBCSD on the Assurance Project, the development of the International Integrated Reporting Framework released by the IIRC in December 2013, the development of the GRI G4 Sustainability Reporting Guidelines, and the development of the paper *Assurance on <IR>: An Exploration of Issues* published by the IIRC in July 2014 through various secondments and participation on working groups. Deloitte is active in various international and country-specific initiatives to advance the application of the concepts of assurance to different subject matters including integrated reporting and sustainability reporting to improve the reliability and increase the credibility of such reporting.

EY's *Tomorrow's Investment Rules 2.0*, a follow-up to their 2014 survey of ~165 institutional investors, assesses the needs of information-users and providers of financial capital, identifying that the emerging ESG risks and stranded assets have investors looking for more from non-financial reporting and assurance. However, despite clear indicators of interest from the investor base, many organizations still fail to meet emerging investor expectations regarding their reporting in these areas. Additionally, as detailed in EY's *Elevate Value* thought leadership, the measurement of value creation by organizations is a key focal point that is altering the reporting landscape and requiring new perspectives and skills for reporting AND assurance.

KPMG advises hundreds of clients worldwide on their non-financial, as well as financial, reporting and also provides third-party independent assurance of non-financial information. The firm publishes market-leading thought leadership including the *KPMG Survey of Corporate Responsibility Reporting*, now in its 9th edition, which analyzes reporting from more than 4,000 companies worldwide to highlight the latest trends and issues. KPMG is also a key partner in the *Carrots & Sticks* report which provides a global overview of non-financial reporting regulations. KPMG is at the forefront of innovation in the sector and has developed its KPMG True Value methodology as a tool for companies to express their socio-economic and environmental impacts in financial terms.

PwC provides assurance services and gives professional advice to many of the world's leading companies in the sustainability space. Indeed, PwC launched its pioneering Total Impact Measurement and Management (TIMM) framework back in 2013 at the UN which looks at a new language for business decision-making, which incorporates the broader sustainability agenda. TIMM enables a company to develop a better understanding of the social, fiscal, environmental and economic impacts of its activities, while still of course, making a profit. Monetizing the impacts provides a language the whole business can understand and aids in the ability to evaluate options being presented to the company. Alongside the traditional sustainability assurance services it offers companies, PwC also offers insight into the maturity of a company's sustainability performance data in a unique web-based, digitally interactive report – the PwC Insight Report – it is truly innovative and provides insight into the maturity of a company's data.



### Climate Disclosure Standards Board (CDSB)

The Climate Disclosure Standards Board (CDSB) encourages assurance of climate change-related and environmental information disclosed in mainstream reports. CDSB does this by specifying in its Reporting Framework requirements and principles that represent suitable subject matter and criteria for conducting assurance activities. CDSB encourages organizations to engage with assurance providers to agree an appropriate assurance approach. Assurance engagements conducted according to existing standards such as International Standards on Assurance Engagements (ISAE) 3000, 3410, or similar national standards are suited to provide assurance on environmental information under the CDSB Framework.

### Global Reporting Initiative (GRI) and Global Sustainability Standards Board (GSSB)

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of organizations on critical sustainability issues. GRI's vision is to create a future where sustainability is integral to every organization's decision-making process. GRI's mission is to empower decision makers everywhere, through its sustainability reporting standards and multi-stakeholder network, to take action towards a more sustainable economy and world.

GRI Sustainability Reporting Standards (GRI Standards) are developed and approved by the Global Sustainability Standards Board (GSSB) with the intention of those standards being applied on a globally consistent basis thus providing stakeholders with the ability to compare the impacts of organizations. The GSSB works in the public interest and according to the vision and mission of GRI.

As part of the evolution to become a standard setter, the GSSB has decided as key priority for its inaugural year that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards.

The transition entails presenting the contents of G4 differently, with necessary amendments, in order to meet the expectations and requirements of a standard. It will focus on the format and presentation of the GRI Standards and on transitioning the existing G4 content into this new format. Particular attention is paid to the clarity of contents and definitions to enable internal and external assurance processes.

The GSSB has organized five workshops on *Enhancing Credibility and Trust of Sustainability Reporting* in Taipei, Beijing, Mumbai, Amsterdam, and New York. The aim was to gather opinions on how best to enhance the credibility and trust of sustainability reports. This will inform the further work of the GSSB and provide input to the forthcoming positioning on assurance.

### International Auditing and Assurance Standards Board (IAASB)

The International Auditing and Assurance Standards Board (IAASB) published in July 2015 a publication *Exploring Assurance on Integrated Reporting and Other Emerging Developments in External Reporting*, to inform stakeholders about the IAASB's ongoing work on exploring assurance on integrated reporting and other emerging developments in external reporting. The IAASB's Integrated Reporting Working Group is exploring amongst others:

- The demand for professional services and activities to enhance the credibility of external reporting.
- The nature of assurance or other engagements that would be most relevant and informative to users of external reporting.
- The necessary competence and capabilities of those performing these engagements and how assurance practitioners and national standard setters are addressing this demand in their jurisdictions.

The Working Group is developing a discussion paper that addresses these issues and whether and how the IAASB's existing International Standards might be applied, and whether additional IAASB guidance or pronouncements may be necessary to facilitate greater consistency in meeting such demand globally.







### Sustainability Accounting Standards Board (SASB)

The mission of the Sustainability Accounting Standards Board (SASB) is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. As a standards setter, SASB's role is to consider the attributes of suitable criteria for attestation during the standard-setting process in the event that a company elects to obtain third-party assurance over its SASB disclosures. The technical protocols provided as part of SASB standards are the basis for suitable criteria for assurance on such disclosures.

Should a public company voluntarily seek external assurance on the quantitative metrics or other information included in its Management Disclosures & Assertions (MD&A), it is the responsibility of the assurance provider to determine the appropriate assurance standard for that engagement, such as those adopted by the Public Company Accounting Oversight Board (PCAOB) that governs auditing requirements in the U.S. for public companies. Should a company voluntarily seek external assurance, it is the responsibility of the assurance provider to determine the appropriate assurance standard for that engagement, such as those issued by the AICPA or adopted by the PCAOB.

### Social Value International (SVI)

Social Value International (SVI) frames assurance as "a learning process designed to help you improve the way you measure impact" and assesses reports against their Seven Principles of Social Value. Reports that meet their assurance criteria carry the following statement: "This report has been assured by Social Value UK (An affiliated national network of SVI). The report shows a good understanding of, and is consistent with, the Social Value process and principles. Assurance here does not include verification of stakeholder engagement, data and calculations." In addition to assessing reports against their Principles, SVI also provide an accreditation for individuals to become an SROI (Social Return on Investment) Accredited Practitioner. Lastly, in 2014 they released a report (titled *How do Companies Act?*) that calls for a change in legislation to demand more assurance of social and environmental impact information.

### CFA Institute (not a member of the Assurance Project)

The CFA Institute is not a member of the Working Group. They have, however, released results from their *Environmental, Social and Governance (ESG) Survey* in June 2015. Of their respondents, nearly 70% find it important that ESG disclosures be subject to at least some level of external assurance. Also, survey results showed that there is a need for both assurance and ESG expertise from assurance providers.

## 09 Appendices Continued

### Appendix 2 – Assurance Project overview

Over the course of the Assurance Project, three workshops, two webinars, two surveys, and a number of interviews were conducted. The workshops included all members of the Working Group and comprised brainstorming exercises at the start of the project, followed by further sessions to refine and re-emphasize key points with the core project team. The webinars served to gather feedback on the draft report. The survey sent to WBCSD members sought information about their external assurance engagements and is summarized in *Appendix 3*. A second survey was sent to the WBCSD global partner network to support our global landscape analysis, which is summarized in *Appendix 4*. It sought information about regional assurance requirements for sustainability information. Finally, interviews with Michael Meehan and Paul Druckman heads of the GRI and the IIRC respectively, as well as Eric Hespenheide in his capacity of Chair of the AICPA’s ASEC Sustainability Assurance and Advisory Task Force, were carried out to both gather feedback on the draft of our report and include their perspectives on the future evolution of the subject matter. Excerpts of these interviews can be found in *Chapter 7*.

#### Working Group: WBCSD Member Reporters



Himanshu Nautiyal



中電控股  
CLP Holdings

Jeanne Ng  
Elizabeth Pennie



Mark Weick



Shuhei Nakano  
Takanori Shiina



James McDonald



Michael Beutler



\*Simon Braaksma



Filippo Bettini



Marina Prada



Peter Harris



AKTIENGESELLSCHAFT

Daniel-Sascha Roth

**Core Team: WBCSD Member Assurance Providers**



Beth Schneider  
Kristen Sullivan



\*Linden Edgell  
\*Jennifer Iansen-Rogers (ERM CVS)  
David Snashall



\*Hugo Hollander  
\*Doug Johnston  
Brendan LeBlanc  
Claire Rainsford  
Mark Vesper



\*Wim Bartels  
\*Adrian King



\*Geoff Lane  
\*Alan McGill

**Working Group: WBCSD Member Assurance Providers**



Bianca Nijhof



Gareth Manning



Daniel Rufenacht

**Working Group: Non-WBCSD Organizations**



Desire Carroll



Lukas Brochard  
Pedro Faria



Luke Blower  
Lois Guthrie  
Mardi McBrien



\*Eric Hespeneide



Robert Hodgkinson  
Henry Irving  
Steve Truman



Stacy Mantzaris  
Francis Nicholson



Stefan Schaltegger



Roger Burritt  
Katherine Christ



Anthony Carey (Mazars)  
Beth Holzman (Shift)  
Richard Karmel (Mazars)



Leah Picker  
Harrison Thomas



Ben Carpenter



\*Rodney Irwin

\*Eric Dugelay  
Courtesy of Deloitte

Austin Kennedy

**Observers: Non-WBCSD Organizations**

– Merran Kelsall and Nancy Kamp of the International Auditing and Assurance Standards Board (IAASB)

– Ricky Cronin, Michael Nugent, and Matthias Schmidt of the International Integrated Reporting Council (IIRC)

– Roger Burritt, Katherine Christ, and Stefan Schaltegger are members of the Environmental and Sustainability Management and Accounting Network (EMAN)

**Observer disclaimer:**  
Observers provided guidance and feedback on the technical components of this paper but do not necessarily agree with or endorse the recommendations of this paper or take positions on the items discussed.

\*Member of the Project Core Team



### Assurance report

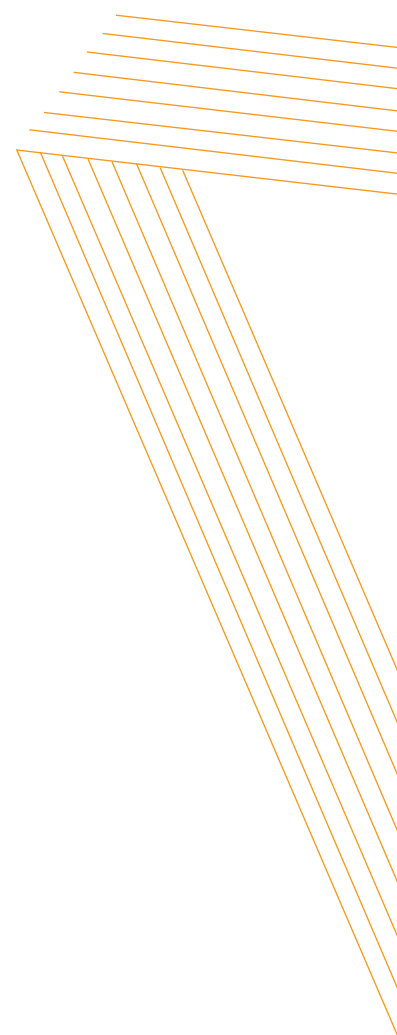
- For the vast majority of respondents, the assurance report was easy to understand.
- Investors are acknowledged as intended users of the report by over 90% of respondents.
- A partial reasonable assurance engagement was delivered in one-third of the cases. Assurance on GHG emissions and specified sustainability KPIs are the top two subject matters on which reasonable assurance applies.
- Half of the respondents reported that they had a qualified conclusion in their last report; however, the majority of respondents do believe that their assurance report was balanced with two-thirds of assurance reports including additional observations provided by the assurance provider.

### Future actions planned with assurance providers

- Two-thirds of respondents plan to issue a new RFP in the next three years.
- The search for improved quality is the main driver for a new RFP to potentially change the assurance provider.

### Expectations for the future

- The majority of respondents do not oppose mandatory assurance – indeed some WBCSD members reported that they welcomed such a requirement.
- Some 75% of respondents reported that they were in favor of mandatory publication of the assurance fees whilst 69% reported they were in favor of a mandatory publication of the workload spent by the assurance provider.



## 09 Appendices continued

### Appendix 4 – The WBCSD global landscape survey

Over the summer of 2015, the Assurance Project sent out a survey requesting information on local requirements for the external assurance of sustainability reporting. In total, we received 39 responses that cover 34 regions.

A synthesis of the responses received finds:

Characteristic	Overview
Requirement	The most common response is a lack of requirements. Only 11 out of 34 regions mentioned any form of legislative or market requirement. Of those 11, one is only for government-owned entities, six are only for listed companies, and one is only for financial institutions. Also of these requirements, one is a municipal requirement and two are subject specific. Finally, of the 11, four are slated to come into effect in 2016 and one has an uncertain future starting point.
Level	The most common response is compliance to reporting standards (specifically GRI G4 Guidelines). This came up in 18 out of 25 responses that discussed trends. Responses were overwhelmingly focused on a limited level of assurance with 15 out of 18 either only mentioning a limited level or noting that it was the most common. Only seven out of 18 mentioned reasonable or combined level of assurance.
Standard	ISAE 3000, ISAE 3410 or equivalent national standards are mentioned in 26 out of 27 responses that name a standard (AT101 is mentioned in the U.S.). AccountAbility (AA) 1000 Assurance Standard (AS) is mentioned in ten out of 27 of these responses with five of these ten instances explicitly noting that it is rare.
Audience	The most common responses were sustainability specialists (ten), NGOs (16), investors (19), and clients and consumers (15). Other responses mentioned several times included employees, government/regulators, management, SRI analysts, and shareholders. Activists, peers, local communities, suppliers, and media each received very limited mention.
Provider	Of the 24 responses that mentioned assurance provider types, 11 mentioned the Big Four, 14 accounting firms generally, five engineering firms, and seven sustainability specialists as either dominating or having a good size share of the market.
Discussion leaders	Overall, eight out of 26 responses either do not mention ongoing discussions or state that there are no significant discussions. Of the 18 mentioning ongoing talks, ten mention accounting groups, five mention the government, three mention NGOs and think tanks, two mention industry groups and universities, and one mentions stock exchanges.

The requirements we were able to identify based on responses include:

Country	Requirement
Australia	<p>Principle 4 of the ASX corporate government principles: “A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.”</p> <p>Australia’s Carbon Pricing Mechanism (Clean Energy Act 2011) was in force between July 2012-2014 and included mandatory assurance requirements for companies who triggered liable entity thresholds to obtain a reasonable level of assurance over their annual emissions reporting prior to submitting their reporting to the Clean Energy Regulator under the National Greenhouse Energy Reporting scheme.</p> <p>Under industry assistance packages, such as the Australian Government’s Jobs Competitiveness Program and Coal Sector Jobs Program meant to help companies absorb new costs associated with carbon, companies were required to obtain a reasonable level of assurance over data submitted to the Clean Energy Regulator.</p> <p>Under the current Australian Government’s Emissions Reduction Fund program (Australia’s 2020 emissions reduction program) projects successful in accessing Government funding are required to obtain assurance over the emissions abatement/sequestration achieved by the project at various intervals of the life of the project.</p> <p>Another element of the Australian Government’s Emissions Reduction Fund program scheduled to commence in July 2016 is the safeguard mechanism meant to ensure that emissions reductions achieved via the Emissions Reduction Fund are not displaced by a significant rise in emissions in other aspects of the economy. It is likely that the safeguard mechanism will have mandatory assurance requirements associated with the reporting requirements.</p>
Brazil	<p>As of 2016, all listed companies will be required to disclose the means for auditing their social and environmental policy.</p>
Canada	<p>The Extractive Sector Transparency Measures Act requires an attestation by either a director or officer of the entity or an independent auditor or accountant about reported data but not necessarily an audit. It is required for companies that meet the following criteria:</p> <p>Engage in, or control other entities engaged in, the commercial development of oil, gas or minerals</p> <p>Listed on a stock exchange in Canada</p> <p>Have a place of business in Canada, do business in Canada or have assets in Canada</p> <p>Has at least two of the following based on its consolidated financial statements, for at least one of its two most recent financial years:</p> <p><i>\$20 million in assets</i></p> <p><i>\$40 million in revenue</i></p> <p><i>An average of 250 employees.</i></p>
France	<p>Grenelle II has an external assurance stipulation. This was initially required for all listed companies. In subsequent years, this scope was expanded as per a pre-established calendar to include various classifications of non-listed companies. It is estimated that 700 listed companies as well as some 1,500-2,500 non-listed companies will fall under the requirement by meeting the following criteria:</p> <p>500+ employees</p> <p>100 million net turnover or total assets</p> <p>The required assurance report has two parts: (1) “attestation regarding the completeness of CSR information” covering the 42 points covered by the decree; (2) “conclusion on the fairness of CSR information” which is in fact a “limited assurance” concerning the CSR report taken “as a whole”. The assurance provider selects the material information or KPIs to perform some detailed tests on them. For the rest of the information, they only challenge the coherence with their knowledge of the company.</p>

## 09 Appendices Continued

The requirements we were able to identify based on responses include:

Country	Requirement
Japan	The Tokyo Metropolitan and Saitama municipal governments require verified GHG reports.
Mexico	Chapter Four of the <i>Ley General de Cambio Climático en Materia del Registro Nacional de Emisiones</i> requires that Mexican companies obtain external assurance of environmental data included in their annual registration documents every three years starting with financial year 2016 reports for large emitters (>1 million tons CO <sub>2</sub> e) 2017 for medium-sized emitters (between 100k and 1 million) and 2018 for smaller emitters (between 25-100k).
Nigeria	Sustainable Banking Principles (Central Bank of Nigeria directive in partnership with the Banker's Committee) for banks, discount houses, and development finance institutions says that banks should seek independent third-party review and assurance of their internal reporting system and data collection processes by the end of 2013, and that independent third-party review and assurance of external reports should be demonstrated by the end of 2014.
South Africa	King III encourages independent assurance through an “apply or explain” mechanism (about 40% seek external assurance). King IV is discussing strengthening this. This is a listing requirement for the JSE.  Public sector entities are mandated to have performance information audited by the Auditor General but they do not express a public opinion. This is “estimated to happen” in the near future.
Sweden	For government-owned entities, “The sustainability report shall be quality assured by independent scrutiny and assurance.” This is not mandated by legislation but as a requirement by the government as owner.
United States	SEC final rule on conflict minerals implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2012) imposes certain reporting obligations on registrants who determine that conflict minerals (tin, tantalum, tungsten, or gold – commonly referred to as 3TG) necessary to the functionality or production of a product manufactured by the registrant may have originated in the Democratic Republic of Congo (DRC) or an adjoining country; such reporting obligations may include a requirement to obtain an independent private sector audit if certain conditions exist.
Zimbabwe	New Harare Stock Exchange listing requirements that are being reviewed by their Securities and Exchange Commission do not require non-financial reporting, but say that if such reports are provided they should be externally assured and include: Standard used, Qualification and expertise of the practitioner, Signature, Name of practitioner and employing organization, Reporting date.



## Appendix 5 – Glossary of terms

### Assurance

The outcome of an independent process to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of intended users other than the responsible party about the outcome of the measurement or evaluation of an underlying subject matter against criteria. Assurance frameworks and standards are developed by various standard setters or other organizations to provide for consistent application in the performance of assurance engagements (e.g., International Standards on Assurance Engagements issued by the IAASB, AA1000 Assurance Standard issued by AccountAbility). The term is often used interchangeably by non-accountants with the term verification.

### Assurance engagement

A process that results in the assurance provider expressing a conclusion about the measurement or evaluation of underlying subject matter (e.g., sustainability matters) against suitable criteria. The subject matter information of an assurance engagement may be a presentation, specified data or an assertion about process. In an assurance engagement for a sustainability report as a whole, an assurance engagement involves assessing not only the accuracy and reliability of material matters disclosed, but also the processes for deciding what issues and data are disclosed.

### Assurance provider

An independent service provider engaged to perform an assurance engagement. Such independent service providers are commonly referred to as assurance practitioners in standards developed for assurance engagements. Assurance providers are referred to as Assurance practitioners in ISAE standards and definitions. There are three main types of assurance providers relating to sustainability information:

- *Sustainability certification bodies (certification bodies and sustainability service providers)*  
Service providers that primarily operate in the sustainability field, such as Arcadis, Bureau Veritas, DNV GL, ERM CVS, Lloyd's Register Quality Assurance, and SGS.

- *Certified public accountants (CPAs) or chartered accountants (CAs)* Service providers with an accounting background such as traditional audit firms. These can either be a reporter's financial auditor, or a CPA or CA that has been specifically appointed by a reporter to perform an assurance engagement relating to a variety of subject matter information, including sustainability information.
- *Non-governmental organizations (NGOs)*  
Representatives from organizations with specific societal interests may participate as part of stakeholder panels challenging a reporter's publicly reported sustainability information but do not perform assurance engagements per se. Approval by an NGO through its due process for a reporter to participate in an initiative of the NGO is sometimes thought of as the NGO providing a form of assurance.

### Assurance report

A report issued by the assurance provider stating the conclusion formed about the subject matter information as a result of an assurance engagement and providing information about such assurance engagement. Also sometimes called an assurance statement.

### Assurance scope

Scope relates to the boundary of the subject matter information covered by the assurance engagement (e.g., the sustainability report as a whole, a specified section within the sustainability report, or specified indicators).

### AA 1000 AS

The AccountAbility 1000 Assurance Standard (AA1000AS) comprises methodology designed for assurance engagements to evaluate and provide conclusions on (1) the nature and extent of adherence to the AA1000 AccountAbility Principles (also referred to as a Type 1 engagement) and (2) the quality of publicly disclosed information on sustainability performance included in the assurance scope (which also encompasses adherence to the AA1000 AccountAbility Principles and is referred to as a Type 2 engagement). It focuses on four principles: Inclusivity, Materiality, Responsiveness, and Reliability, and provides for two levels of assurance engagements (high-level of assurance and moderate level of assurance).



### Internal control

The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control (source: IFAC).

### International Framework for Assurance Engagements

Framework issued by the International Auditing and Assurance Standards Board (IAASB) solely to facilitate understanding of the elements and objectives of an assurance engagement and the various assurance standards issued by the IAASB, including the International Standards on Assurance Engagements (ISAEs).

### ISAEs

International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board (IAASB). The ISAEs provide requirements and guidance for reasonable and limited assurance engagements.

- ISAE 3000 (Revised)  
International Standard on Assurance Engagements 3000: "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." The standard consists of requirements and guidance for the ethical behavior, quality management and performance of an assurance engagement relating to a broad range of subject matter information.
- ISAE 3410 (as amended)  
International Standard on Assurance Engagements 3410: "Assurance Engagements on Greenhouse Gas Statements", as amended by ISAE 3000 (Revised), addresses the application of ISAE 3000 (Revised) to the subject matter information of greenhouse gas statements for both reasonable and limited assurance engagements.

### Limited assurance

The objective of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful (source: ISAE 3000 (Revised), as amended).

### Materiality

A concept regarding the state of importance to the matter under discussion. Various organizations apply the concept of materiality to the information under their jurisdiction and create a definition in such context. For example:

- The GRI defines Material Aspects as "those that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders."
- The U.S. Supreme Court has held that information is material if there is "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available." (TSC Industries v. Northway, Inc., 426 U.S. 438, 449 (1976)).
- The IIRC states that "a matter is material if it is of such relevance and importance that it could substantively influence the assessments of providers of financial capital with regard to the organization's ability to create value over the short, medium and long term. In determining whether or not a matter is material, senior management and those charged with governance should consider whether the matter substantively affects, or has the potential to substantively affect, the organization's strategy, its business model, or one or more of the capitals it uses or affects."



## Appendix 6 – Further reading

- ACCA. (2004). The future of sustainability assurance. (Research Report No. 86). [www.accountability.org/images/content/1/2/121/FOSA%20-%20Full%20Report.pdf](http://www.accountability.org/images/content/1/2/121/FOSA%20-%20Full%20Report.pdf)
- AICPA. (2015). The CPA's role in sustainability assurance: Balancing priorities, people, profit, and the planet. [www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/Sustainability/DownloadableDocuments/AICPA-Sustainability-Assurance-Brochure.pdf](http://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/Sustainability/DownloadableDocuments/AICPA-Sustainability-Assurance-Brochure.pdf)
- AICPA. (June 2015). The state of sustainability assurance and related advisory services in the US: Two market assessments. [www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/Sustainability/DownloadableDocuments/Sustainability-TwoMarket.pdf](http://www.aicpa.org/InterestAreas/BusinessIndustryAndGovernment/Resources/Sustainability/DownloadableDocuments/Sustainability-TwoMarket.pdf)
- CDSB. (June 2015). CDSB framework for reporting environmental information & natural capital. [www.cdsb.net/sites/cdsbnet/files/cdsb\\_framework\\_for\\_reporting\\_environmental\\_information\\_natural\\_capital.pdf](http://www.cdsb.net/sites/cdsbnet/files/cdsb_framework_for_reporting_environmental_information_natural_capital.pdf)
- CFA Institute. (2015). Environmental, social, and governance (ESG) survey. [www.cfainstitute.org/ethics/Documents/esg\\_survey\\_report.pdf](http://www.cfainstitute.org/ethics/Documents/esg_survey_report.pdf)
- GRI. (2013). The external assurance of sustainability reporting. [www.globalreporting.org/resourcelibrary/GRI-Assurance.pdf](http://www.globalreporting.org/resourcelibrary/GRI-Assurance.pdf)
- GRI. (2013). G4 sustainability reporting guidelines. [www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf](http://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf)
- IAASB. (July 2015). Exploring assurance on integrated reporting and other emerging developments in external reporting. [www.ifac.org/publications-resources/exploring-assurance-integrated-reporting-and-other-emerging-developments](http://www.ifac.org/publications-resources/exploring-assurance-integrated-reporting-and-other-emerging-developments)
- ICAEW. (2012). The assurance sourcebook. [www.icaew.com/~media/corporate/files/technical/audit%20and%20assurance/assurance/assurancesourcebooklinks.ashx](http://www.icaew.com/~media/corporate/files/technical/audit%20and%20assurance/assurance/assurancesourcebooklinks.ashx)
- ICAEW. (2013). The journey: Assuring all of the annual report? [www.icaew.com/~media/corporate/files/technical/assurance%20options/tecpln12497-final-version-web.ashx](http://www.icaew.com/~media/corporate/files/technical/assurance%20options/tecpln12497-final-version-web.ashx)
- IIA. (2013). Integrated reporting and the emerging role of internal auditing. [na.theiia.org/services/cae-resources/Public%20Documents/CAE-AEC%20Flash%20Alert-Integrated%20Report.pdf](http://na.theiia.org/services/cae-resources/Public%20Documents/CAE-AEC%20Flash%20Alert-Integrated%20Report.pdf)
- IIA. (January 2013). The three lines of defense in effective risk management and control. [na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Management%20and%20Control.pdf](http://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Management%20and%20Control.pdf)
- IIRC. (July 2014). Assurance on <IR>: An exploration of issues. [www.integratedreporting.org/wp-content/uploads/2014/07/Assurance-on-IR-an-exploration-of-issues.pdf](http://www.integratedreporting.org/wp-content/uploads/2014/07/Assurance-on-IR-an-exploration-of-issues.pdf)
- IIRC. (July 2014). Assurance on <IR>: An introduction to the discussion. [www.integratedreporting.org/wp-content/uploads/2014/07/Assurance-on-IR-an-introduction-to-the-discussion.pdf](http://www.integratedreporting.org/wp-content/uploads/2014/07/Assurance-on-IR-an-introduction-to-the-discussion.pdf)
- IIRC. (July 2015). Assurance on <IR>: Overview of feedback and call to action. [www.integratedreporting.org/wp-content/uploads/2015/07/IIRC-Assurance-Overview-July-2015.pdf](http://www.integratedreporting.org/wp-content/uploads/2015/07/IIRC-Assurance-Overview-July-2015.pdf)
- IIRC. (December 2013). The international <IR> framework. [www.integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf](http://www.integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf)
- RAFI. (2015). The UN Guiding Principles Reporting Framework. [www.UNGPrepoting.org](http://www.UNGPrepoting.org)
- WBCSD. (November 2014). Reporting matters. [www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=16367](http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=16367)
- WBCSD. (November 2015). Reporting matters. [www.wbcsdpublications.org/wp-content/uploads/2015/11/WBCSD\\_Reporting\\_Matters\\_2015\\_Interactive.pdf](http://www.wbcsdpublications.org/wp-content/uploads/2015/11/WBCSD_Reporting_Matters_2015_Interactive.pdf)
- WBCSD. (2013). Future Leaders Program. Controlling Non-Financial Reporting. [www.gallery.cee.kpmg.com/hu/themes/cr/2014-04/FLT\\_NonFinancial.pdf](http://www.gallery.cee.kpmg.com/hu/themes/cr/2014-04/FLT_NonFinancial.pdf)



# Acknowledgments

## WBCSD Team

- Rodney Irwin
- Eric Dugelay (Courtesy of Deloitte)
- Austin Kennedy

## About the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD), a CEO-led organization of some 200 forward-thinking global companies, is committed to galvanizing the global business community to create a sustainable future for business, society and the environment. Together with its members, the Council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Leveraging its strong relationships with stakeholders as the leading advocate for business, the Council helps drive debate and policy change in favor of sustainable development solutions.

The WBCSD provides a forum for its member companies – who represent all business sectors, all continents and combined revenue of more than \$8.5 trillion and 19 million employees – to share best practices on sustainable development issues and to develop innovative tools that change the status quo. The Council also benefits from a network of 70 national and regional business councils and partner organizations, a majority of which are based in developing countries.

Follow us on Twitter and LinkedIn

[www.wbcSD.org](http://www.wbcSD.org)

## We would like to express our sincere thanks to the following:

- The generosity of the Gordon and Betty Moore Foundation.
- Members of the Working Group, Core Team, and Observers referenced in Appendix 2.
- Radley Yeldar for their work on the graphical design of this document.

GORDON AND BETTY  
**MOORE**  
FOUNDATION

**radley yeldar.**

## Disclaimer

This publication is released in the name of the WBCSD. It does not however necessarily mean that every member company agrees with every word.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, the WBCSD, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

Copyright © WBCSD, February 2016

Printed on paper containing fiber certified 100% to FSC labeled paper according to the percentage average method. 100% chlorine free. ISO 14001 certified mill.

ISBN: 978-2-940521-62-3



**World Business Council for Sustainable Development**

Maison de la Paix, Chemin Eugène-Rigot, 2 Case Postale 246, CH-1211, Geneva 21, Switzerland, T +41 (0)22 839 31 00,  
E-mail [info@wbcSD.org](mailto:info@wbcSD.org)

[www.wbcSD.org](http://www.wbcSD.org)