

AA1000

GUIDANCE ON APPLYING THE AA1000AS v3

FOR ASSURANCE PROVIDERS

DECEMBER 2020



This latest version of the AA1000 Assurance Standard and Guidance Document advances AccountAbility's legacy (over 25 years) of delivering universally-applied sustainability guidance to organisations small and large, spanning industry sectors and geographies.

The AA1000AS v3 is unique in its 'principles-based guidance' approach, rooted in the AA1000 AccountAbility Principles (2018) of *Inclusivity, Materiality, Responsiveness, and Impact*. Its wide-angle, integrated, and forward-looking view of sustainability management, performance, and reporting assists companies in anticipating and managing future business risks and opportunities."

**—SUNIL A. MISSE, CHIEF EXECUTIVE OFFICER,
ACCOUNTABILITY**

ABOUT ACCOUNTABILITY

AccountAbility is a global consulting and standards firm that works with businesses, governments, investors, and multi-lateral organisations on ESG matters to advance responsible business practices and improve long term performance. Since 1995, we have been helping corporations, nonprofits, and governments embed ethical, environmental, social, and governance accountability into their organisational DNA.

At the core of AccountAbility's work is the AA1000 Series of Standards based on the principles of:

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

The AA1000 Assurance Standard (AA1000AS v3), released in September 2020, is an internationally recognised, freely available standard that provides the requirements for AccountAbility-licensed assurance providers to conduct high-quality sustainability assurance on the application of the AA1000 AccountAbility Principles (AA1000AP, 2018) by reporting organisations. The AA1000AS v3 is supported by this supplementary guidance document, Guidance on Applying the AA1000AS v3 for Assurance Providers – which provides additional guidance to ensure clear understanding of AccountAbility's Principles-based Assurance Process.

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INTRODUCTION

1

1. INTRODUCTION

The AA1000 Assurance Standard (AA1000AS v3) serves as a standard for assurance on sustainability information for organisations of any type, based on the effective application of the AA1000 AccountAbility Principles (AA1000AP, 2018). The AA1000AS v3 is supported by this supplementary guidance document, *Guidance on Applying the AA1000AS v3 for Assurance Providers* – which provides additional guidance to ensure clear understanding of *AccountAbility's Principles-based Assurance Process*.

The AA1000AS v3 and this Guidance Document can be utilised complementarily with other internationally recognised assurance standards and frameworks to enhance the robustness and high-quality of the overall assurance process. Together, they support assurance on a range of sustainability disclosures and remain applicable within the context of other sustainability-related standards and guidelines.

The AA1000AS v3 is an internationally recognised, industry-independent, and freely available standard that provides the requirements for AccountAbility-licensed assurance providers to conduct high-quality sustainability assurance on the application of the AA1000AP (2018) by reporting organisations.

All assurance providers wishing to use AA1000AS v3 commercially are required to complete a licensing agreement with AccountAbility. Each licensed assurance provider is assigned a license number, with a specific logo, which can then be used by the assurance provider to indicate their acceptance of all licensing requirements. The AA1000AS v3 will be administered through an innovative e-licensing system for AccountAbility licensed assurance providers, with more information available on [AccountAbility's website](#).

★ KEY TERMS

ASSURANCE Assurance refers to the methods and processes employed by an assurer to assess an organisation's disclosures about its performance as well as underlying information, processes, and systems, using suitable criteria and standards in order to increase credibility. Assurance includes the communication of the results of the assurance process in an Assurance Statement.

ASSURANCE PROVIDER An assurance provider is an independent organisation that assesses and expresses a conclusion on a reporting organisation's disclosure about its performance and underlying processes, systems, and controls using suitable criteria.

ASSURANCE PRACTITIONER An individual who is qualified to provide assurance services.

REPORTING ORGANISATION An organisation that is responsible for the preparation and publication of disclosures on sustainability topics, and that engages an assurance provider to undertake an assurance engagement relating to sustainability reporting.

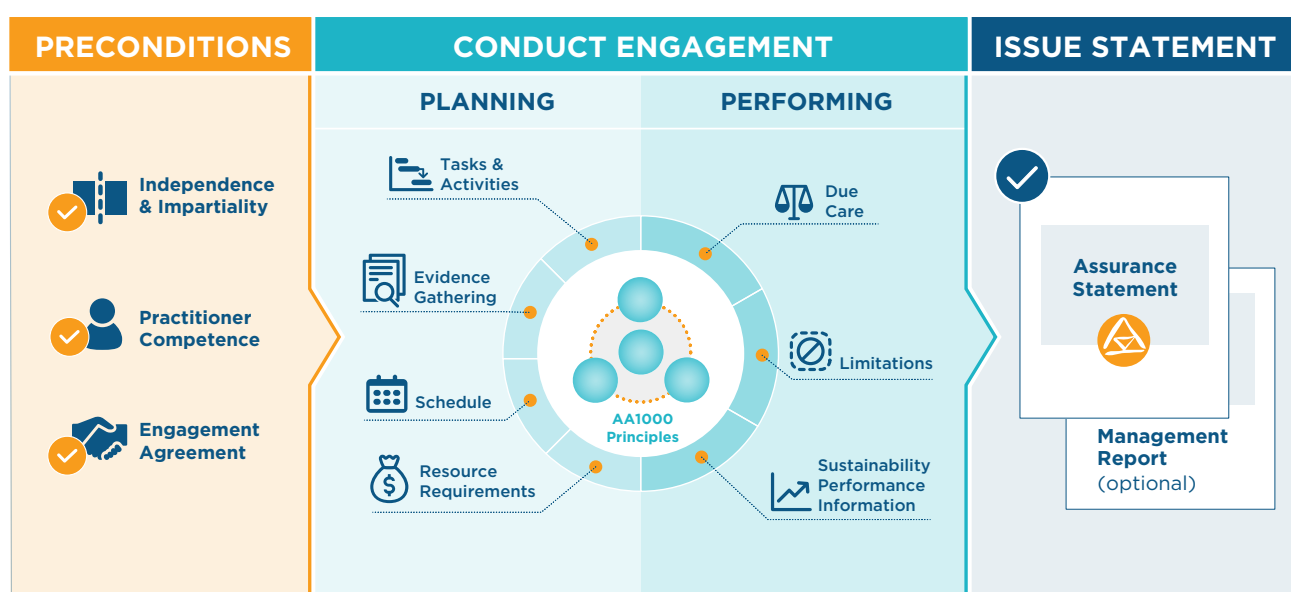
SUSTAINABILITY The responsible management of social, environmental, economic and governance impact for improved long-term organisational performance and societal development.

SUSTAINABILITY ASSURANCE ENGAGEMENT An assurance engagement in relation to an organisation's disclosure on sustainability performance.

Guidance on Applying the AA1000AS v3 for Assurance Providers is divided into three sections – which align with the assurance process that the AA1000AS v3 defines.

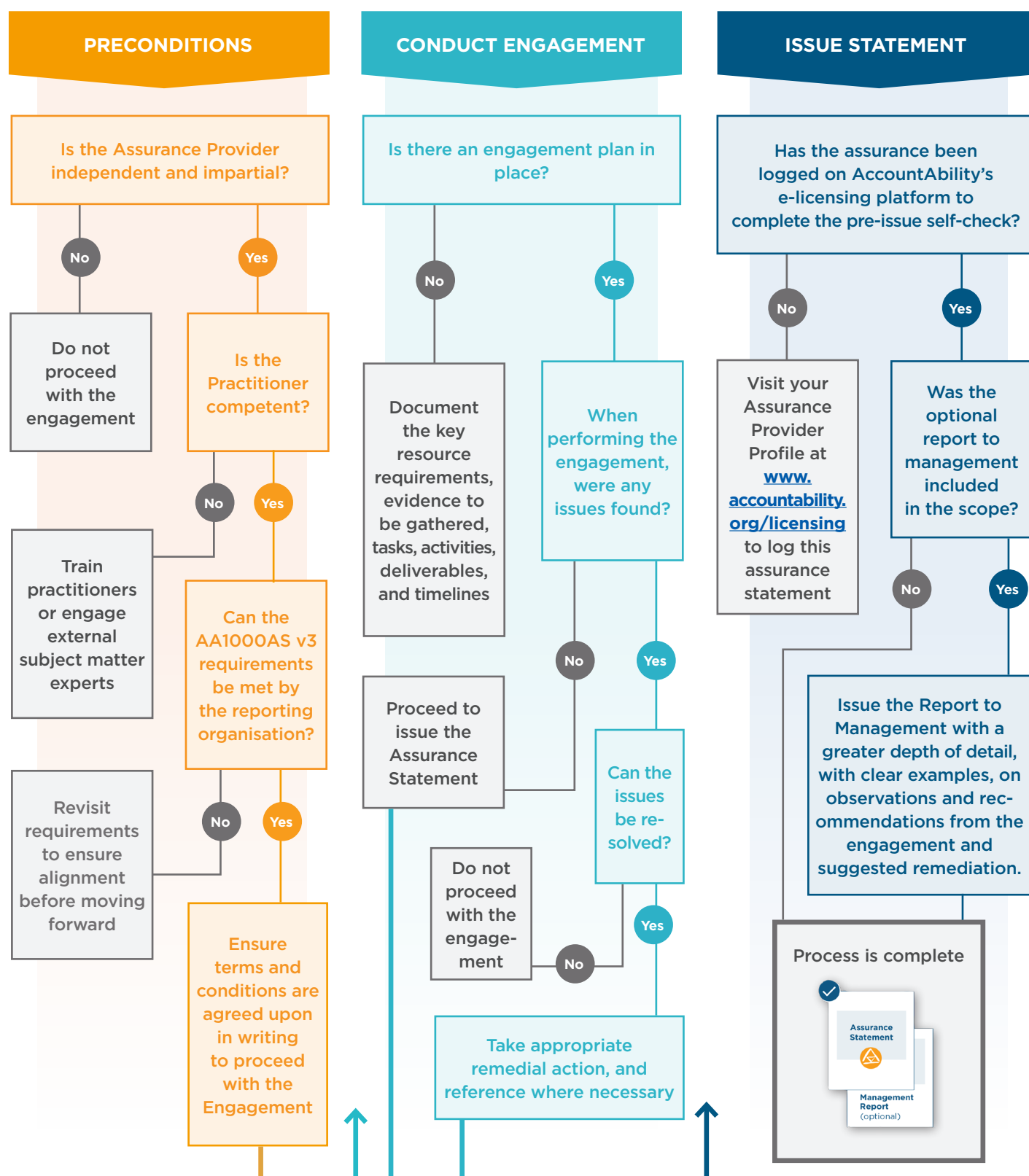
- ▶ The **preconditions to be considered** when accepting an AA1000AS v3 engagement
- ▶ How to **conduct an engagement** in accordance with the standard
- ▶ Issuing the final **Assurance Statement** and optional **Report to Management**

Figure 1: The AA1000AS v3 Assurance Process



(Source: AA1000AS v3)

Figure 2: The Sequential AA1000AS v3 Assurance Process



PRECONDITIONS FOR AN AA1000AS v3 ENGAGEMENT

2

2. PRECONDITIONS WHEN ACCEPTING AN AA1000AS v3 ENGAGEMENT

There are a number of preconditions that must be met before an assurance agreement should be accepted, as noted in the AA1000AS v3.

The assurance provider should be satisfied that the engagement subject matter is appropriate, and that the assurance practitioner will have access to sufficient evidence to support findings and conclusions. The assurance provider and the reporting organisation will agree to include specific sustainability performance and other disclosed information in the assurance engagement. Assurance providers must agree with the reporting organisation on how specified criteria are selected, how they meaningfully respond to the material needs of stakeholders, and how they will be disclosed to the intended users of the Assurance Statement.

Accordingly, the scope (including *boundary*, *type*, and *level*) of the Assurance Statement and/or Report to Management included in the engagement should be defined appropriately. The acceptance of an assurance engagement recognises that assurance is an iterative process, and that the reporting organisation will often make changes in response to the preliminary findings of the assurance provider.

The scope of the assurance engagement should include the reporting boundary. When determining the scope of an engagement, the boundary used for financial reporting by the organisation, and material impacts relating to other stakeholders beyond the financial reporting boundary (if any, such as the supply chain and ownership structure), should be considered.

The assurance provider must make itself fully aware of any limitations and potential risks of an assurance engagement. It is also important to understand that the sustainability assurance process does not happen after the report has been written, but rather is often an ongoing process that takes place during the period of information gathering and report preparation and completion. For some organisations, assurance may begin six to eight months before the anticipated publication of a report.

An assurance provider assesses evidence including, but not limited to, documentation, systems and processes, internal controls, data, and interview records. Therefore, the assurance provider needs to have a clear plan for the breadth, depth, and time period of the evidence required.

★ KEY TERMS

ASSESSMENT A systematic process of objective judgement.

REPORTING BOUNDARY The established limit of reported information related to organisational stakeholders and impacts.

SPECIFIED PERFORMANCE INFORMATION Performance statements or information about sustainability topics or processes that can be included in the scope of a “Type 2” assurance engagement.

2.1 SCOPE OF THE ENGAGEMENT

The scope of an AA1000AS v3 engagement needs to be either Type 1 or Type 2, and the level of assurance needs to be agreed to as either ‘High’ or ‘Moderate.’ The intended audience of the Assurance Statement can influence the scope of the engagement. This will be more complex when an assurance engagement includes different forms of disclosure, rather than a single report. Identifying the intended audience(s) can help an assurance provider understand and assess the inclusion or exclusion of information in the public disclosures.

Understanding the intended audience also provides reasoning for why certain performance information has been specified in a *Type 2* assurance engagement. While it may be preferable to assure sustainability performance information for all material topics in a *Type 2* assurance, it is acceptable for an assurance provider to assure only specified sustainability performance information. When this is done, the Assurance Provider may query the suitability of the scope from the reporting organisation if the given performance information selected does not directly relate to the determination of material topics and the expectations of stakeholders.

In short, for *Type 2* assurance, while the scope can extend to include all material topics, this additional level of depth is not required.

If the [AA1000 Stakeholder Engagement Standard](#) (AA1000SES)¹ forms the basis of the assurance of stakeholder engagement processes or documentation, this should be clearly noted in the engagement agreement.

★ KEY TERMS

STAKEHOLDERS Stakeholders are those groups or individuals who affect and/or could be affected by an organisation’s activities, products, or services, and associated performance. This does not include everyone who may simply have knowledge of or views about an organisation, but rather only those who can be materially affected by the organisation’s actions. Organisations will have many stakeholders, each with distinct types and levels of involvement, and often with diverse (and sometimes conflicting) interests and concerns.

STAKEHOLDER ENGAGEMENT Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for the purpose of achieving agreed outcomes.

¹ The AA1000 Stakeholder Engagement Standard (AA1000SES) establishes requirements for effective, high-quality stakeholder engagement. It is a leading practice, open-source framework for assessing, designing, implementing, and communicating an integrated, strategic, and impactful approach to stakeholder engagement.

2.2 BOUNDARY PROTOCOLS

When determining the scope of an engagement, the boundary used for financial reporting by the organisation, and *material impacts* relating to other stakeholders beyond the financial reporting boundary (if any, such as the supply chain), should be considered.

It is also important to understand the effects of a *limitation* in the organisational boundary on the scope of the report. Using a boundary protocol of recognised reporting frameworks is acceptable. The assurance provider assesses the suitability of criteria for defining the reporting boundary to determine if they include all *material impacts* of the organisation including, where relevant, those not directly under its control (such as joint ventures, suppliers, contractors, and products).

EXAMPLES OF BOUNDARIES

The different boundaries for *material impacts* could be any of the following:

- ▶ The whole sustainability area of an organisation's operations
- ▶ Defined entities comprising an organisation, such as in a group of companies or joint ventures
- ▶ Full or defined sections of an organisation's value chain, including external entities such as suppliers
- ▶ Information related only to specific sustainability topics

2.3 AGREEING ON CRITERIA

The assurance provider needs to establish which criteria to use in the assurance engagement. The criteria for assessing the nature and extent of adherence to the AccountAbility Principles are found in the AA1000AP (2018). These are the criteria that must be used for *Type 1* assurance.

For more information, refer to the **3.3.3.1 SUITABLE CRITERIA AND RELATIONSHIP TO OTHER STANDARDS OR FRAMEWORKS** on the AA1000AS v3.

Suitable criteria for the sustainability performance information subject to *Type 2* assurance are to be agreed with the reporting organisation, which may choose to use:

- ▶ Generally accepted, publicly developed criteria;
- ▶ Proprietary or internally developed criteria and guidelines; or
- ▶ A combination of both publicly developed and internally developed criteria

The former – *generally accepted, publicly developed criteria* – is preferable, as comparability between different organisations' sustainability performance is difficult to achieve when there are variations in how the information is compiled and presented. Criteria needs to be publicly disclosed, even if developed by the reporting organisation. Non-public criteria are considered a material limitation, and should be acknowledged as such in the Assurance Statement. Organisations may find suitable criteria in reporting guidelines, or in systems, industry, or topic-specific standards. **It is important to be as explicit as possible about the criteria chosen.**

Given that AA1000AS v3 is an overarching standard, it is to be expected that during an assurance engagement a range of other appropriate standards will be cited where other standards have their own certification or verification programs, certificates, or verification statements from those programs may be used as evidence by assurance providers.

SUITABLE STANDARDS AND GUIDELINES

Assurance providers should look for standards and guidelines that provide:

- ▶ Suitable sustainability performance criteria
- ▶ Performance indicators supported by appropriate protocols
- ▶ Suitable systems and process criteria and associated certification programs
- ▶ Product and labelling criteria and associated certification programs
- ▶ Procedures that supplement the requirements and guidance in the AA1000AS v3
- ▶ Benchmarks that can be used to assess adherence to the AA1000 Principles and performance
- ▶ Evidence of commitments to Principles or Codes of Practice

All criteria must be agreed upon with the reporting organisation before the engagement begins.

2.4 DISCLOSURES COVERED

In an assurance engagement, it is acceptable to include more than one source of disclosure (e.g., a group level report, a single-topic report, or web-based information). When doing so, the assurance provider needs to ensure that any Assurance Statement attached to any single disclosure is clear about the disclosure the statement refers to.

Due to the limitations in providing assurance for digital, real-time, and other custom reporting, the assurance provider must discuss with the reporting organisation controls that may be put in place that guarantee static content on webpages to prevent disclosures from being updated or otherwise edited after assurance has been provided.

2.5 USE OF SUB-CONTRACTORS OR EXPERTS

The subject matter and related criteria of some assurance engagements may include aspects requiring specialised knowledge and skills in the collection and/or assessment of evidence.

In these situations, the assurance provider may decide to rely on competent external experts who have the required knowledge and skills. To ensure there is no conflict of interest with the reporting organisation and/or its significant stakeholders, before engaging an external expert the assurance provider should determine that the expert's own independence and impartiality is satisfactory.

When the work of an expert is used in the collection and assessment of evidence, the assurance provider and the expert should, on a combined basis, possess adequate skill and knowledge regarding the subject matter and the criteria.

The assurance provider should be actively involved in the expert engagement, as well as understand the work for which the expert is used, to an extent that is sufficient to enable the assurance provider to accept responsibility for the conclusion on the subject matter information. **The assurance provider should always obtain sufficient appropriate evidence that the expert's work is adequate for the purposes of the assurance engagement.**

CONDUCTING AN ENGAGEMENT

3

3. CONDUCTING AN ENGAGEMENT

Conducting an AA1000AS v3 assurance engagement involves collecting and assessing evidence on the agreed-upon subject matter and criteria according to the engagement plan. It is critically important to have a clear understanding of the subject matter, criteria, and evidence required, as these will ultimately be the basis of the assurance provider's findings and conclusions.

★ KEY TERMS

ENGAGEMENT PLAN The engagement plan documents the key resource requirements, evidence to be gathered, tasks, activities, deliverables, and timeline.

Where relevant, accepted sampling protocols and internal procedures should be followed for determining what evidence is acceptable and sufficient. If the AA1000AS v3 is utilised complementarily with other internationally recognised assurance frameworks in the same engagement, it is the assurance provider's responsibility to ensure the complementary framework is referred to only if the associated methodology and rigour has been applied.

The assurance practitioner should strive to reduce assurance engagement risk to an acceptably low level.

The three components of audit risk—which includes control risk, inherent risk, and detection risk—are transferable and apply for an assurance engagement. Control risk is caused by the failure of existing controls or the absence of controls at the reporting organisation. Inherent risk is caused by an error arising from factors other than control failures, such as where a high degree of judgment is involved. Detection risk is caused by the failure of the assurance provider to discover a material error. The degree to which the assurance provider considers each of these components is affected by the specific engagement circumstances. If the relevant level of risk is too high, additional procedures need to be applied to reduce the risk to an acceptable level. If the assurance provider detects the possibility of an escalating control risk which may affect future assurance engagements, it is recommended to be noted on the management report.

Assurance according to AA1000AS v3 expands beyond what is reported, and examines the systems and processes that underpin the reporting.

The assurance provider needs to obtain an understanding of the subject matter and other engagement circumstances sufficient to identify and assess the risk of the subject matter information being materially mis-stated, and to design and perform further evidence-gathering procedures.

ENGAGEMENT PLAN CHECKLIST

The assurance provider should document the following in an engagement plan, at a minimum:

- ▶ Objectives of the engagement
- ▶ Deliverables
- ▶ Assurance standard(s) to be used
- ▶ Roles, responsibilities, and relationships
- ▶ Competencies and capabilities
- ▶ Scope of the engagement
- ▶ Criteria to be used
- ▶ Type and level of assurance
- ▶ Assurance strategy (including risk assessment and evidence requirements)
- ▶ Tasks and activities (including gathering methods, resource requirements, and schedule)

The assurance provider should also assess the quality of any information obtained. Some typical measures of information quality might include:

CLARITY

- ▶ Does the behaviour or information meet the needs of stakeholders?
- ▶ Can stakeholders understand the behaviour, or find the information they want without unreasonable effort?
- ▶ Are technical terms, acronyms, and jargon, if included, explained?
- ▶ Is information accessible and traceable to point of origin?

BALANCE

- ▶ Are the behaviours observed and information provided unbiased?
- ▶ Are selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence the judgment of a stakeholder avoided?
- ▶ Are both positive and negative trends in performance over time addressed?
- ▶ Is the emphasis on the various topics proportionate to their relative materiality?

COMPLETENESS

- ▶ Has the organisation demonstrated breadth of understanding by covering the whole relevant landscape, or has it left out anything material?
- ▶ Has the organisation demonstrated depth of understanding by considering all aspects of the impact of the topics and the nature of stakeholder concerns?

TIMELINESS

- ▶ Does behaviour and information clearly indicate the time period to which it relates, when it will be changed or updated, and when the last changes or updates were made?
- ▶ Does the organisation understand the maturity of the topic and its capacity for response, and how to respond in both the long- and short-term?

Sustainability disclosures often include opinion and/or perception information. This may raise issues of validity rather than simply accuracy of data. There may be a need to consider the validity of such survey methodologies and results.

Management systems and processes in place at the assurance provider play a large role in ensuring high-quality output from an assurance engagement. The assurance provider can prove its internal quality management system is able to deliver a result to an appropriate standard through an industry-accepted external certification.²

² See Section 2.3 for more information on certification.

CONTROL ENVIRONMENT

The assurance provider should also assess the control environment as it relates to the information it is assessing. A set of tests for the robustness of the assurance provider's control environment might typically cover some or all of the following:

1. OWNERSHIP

- ▶ Who is the person with overall responsibility for the system/process?
- ▶ Who developed the system/process?
- ▶ Who maintains and/or revises the system/process?
- ▶ How often is the system/process reviewed/updated?
- ▶ Who is responsible for the implementation of the system/process?
- ▶ Who is responsible for monitoring the implementation of the system/process?
- ▶ How often do monitoring activities take place?
- ▶ Does documentation exist for these responsibilities and ownership tasks?

2. ACCESS

- ▶ Who has access to the system/process?
- ▶ Who is responsible for providing access to the system/process?
- ▶ Do different levels of access exist for the system/process?
- ▶ How is the access to the system/process controlled?
- ▶ How does the organisation ensure that those who have access to the system/process understand how it functions?
- ▶ Are there appropriate security procedures in place relating to the system/process?

3.1 TYPES OF ASSURANCE

3.1.1 TYPE 1 ASSURANCE

In a Type 1 assurance, the assurance provider uses – but is not limited to – reported information as a starting point. For example, for Type 1 assurance, it is the duty of the assurance provider to investigate and challenge the mapping of stakeholders, the range of topics determined to be material, the organisational boundaries drawn, and the limits to the organisation's disclosures.

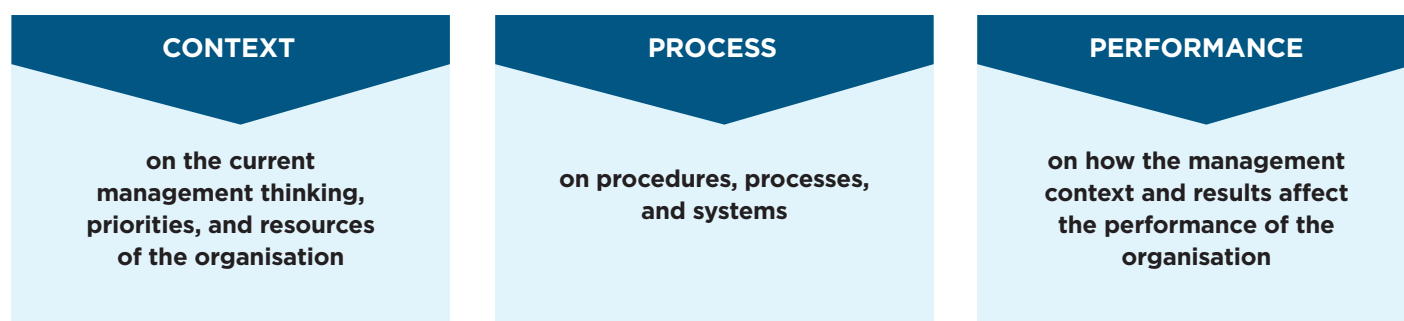
For Type 1 engagements, the criteria for adherence to the AccountAbility Principles are found in the AA1000AP (2018). When assessing the nature and extent of adherence to the AA1000AP (2018), the assurance provider will focus on the profile of the organisation and its management approach; in other words, *who are they, what do they do, and how do they understand and manage their sustainability topics?*

The assurance provider should also look for evidence of the consistency and credibility of sustainability performance information. Since the assessment of adherence to the Principles does not have to be assertion-based (that is, the assurance provider is not simply testing the validity of an assertion), but may also be based on direct investigation and discovery, the evidence sought need not be limited to that which would be required to merely validate an assertion in the organisation's disclosures.

Overall, when an organisation holds itself fully accountable, it seeks to involve stakeholders in identifying, understanding, and responding to material sustainability topics and concerns, and to communicate with, and be responsive to, stakeholders regarding decisions, actions, and performance. In short, **accountability comprises the way in which an organisation sets strategy, governs, and manages sustainability performance.**

For each Principle, the assurance provider should seek information related to three lines of questioning, which are complementary and designed to elicit responses that allow the assurance provider to make the assessment.

These are³:



For each of these questions, the assurance provider needs to collate evidence from the organisation, such as documents, files, software, or databases used to evidence adherence to each Principle. Depending on the boundary of assurance agreed upon, the assurance provider should consider the multiple layers of the organisation as necessary to make its assessment.

³ Application of continuous improvement to the engagement can improve the application of the Principles through efficiency in dealing with increased scope of context, process, and performance.

PRINCIPLE OF INCLUSIVITY

Inclusivity is the foundational Principle of the AA1000AP (2018). *Inclusivity* calls for actively identifying stakeholders and enabling their participation in establishing an organisation's material sustainability topics, and then developing a strategic response to them. An inclusive organisation accepts its accountability to those on whom it has an *impact*, and to those who have an *impact* on it.

The assurance provider needs to establish what evidence is required to determine the nature and extent of an organisation's adherence to the *Principle of Inclusivity*. Below are sample inquiries with which an assurance provider might begin its assessment.

CONTEXT	PROCESS	PERFORMANCE
▶ Is there a commitment from the highest governing body of the organisation to be accountable to stakeholders which can be demonstrated through policy documents, meeting minutes, or other evidence? ▶ Is there evidence of the integration of stakeholder engagement across the full organisation, demonstrated by participation of individuals from across the organisation and documented objectives? ▶ Is there documentation of the allocation and availability of necessary competencies and resources for stakeholder engagement, such as training records and budget allocations attributed to stakeholder engagement?	▶ Is there evidence of a formal stakeholder identification process? ▶ Can specific tools for understanding stakeholders be identified, such as a consolidated stakeholder map containing their views, expectations, and associated stakeholder and engagement risks? ▶ Is there documentation of strategic plans on engagement and communication with stakeholders?	▶ Have metrics and/or performance dashboards been established by the organisation to measure the success and outcomes of engagement? ▶ Is there evidence of disclosure such as reports or other publications used to communicate with stakeholders?

PRINCIPLE OF MATERIALITY

The *Principle of Materiality* is established in the AA1000AP (2018). Financial reporting considers information material if omitting, mis-stating, or obscuring it could influence the decisions made on the basis of those financial statements. In practice, financial *impact* thresholds are established that define the 'magnitudes' that are deemed material. *Materiality* based on a threshold or cut-off point, rather than being a primary qualitative characteristic of information, can be more useful.

In the sustainability context, *Materiality* relates to identifying and prioritising the most relevant sustainability topics, taking into account the effect each topic has on an organisation and its stakeholders.

A material topic is a topic that will substantively influence and *impact* the assessments, decisions, actions, and performance of an organisation and/or its stakeholders in the short-, medium-, and/or long-term.

The AA1000AS v3 requires the assurance provider to assess an organisation's determination of material topics in relation to a range of criteria, and not just in relation to financial thresholds. As in the case of financial reporting and auditing, a topic, concern, or *impact* is material if it could influence the decisions or behaviour of stakeholders, or of the organisation itself. Some possible lines of inquiry that might be used to begin to assess *Materiality* follow on page 19.

Note that the *Materiality* determination process may have a number of thresholds for relevant topics that are managed. For instance, there may be one threshold for most material topics and a different threshold for those that are important to specific stakeholder groups but are not deemed more broadly material. Topics that pass neither of these thresholds would not need to be addressed, although it may still be important to communicate to stakeholders for whom they are a concern why they are not being addressed. Thresholds used should be credible, clear, and understandable to stakeholders, as well as replicable, defensible, and appropriate for external assurance.

CONTEXT

- ▶ Is there evidence of a *Materiality* determination process integrated in the organisation, demonstrated by documentation and familiarity of senior management and cross-functional personnel during interviews?
- ▶ Is there documentation of the allocation and availability of necessary competencies and resources for a *Materiality* assessment such as training records and budget allocations?

PROCESS

- ▶ Is there evidence of a defined methodology to prioritise relevant topics, based on suitable and identified thresholds?
- ▶ Is the relevance of a topic determined in relation to objective sustainability criteria?⁴
- ▶ Is forward-looking information included, and was scenario analysis (if used) appropriately applied by the organisation in developing its position, targets, metrics, and subsequent narrative in relation to forward-looking *Materiality* topics? (*The content of the forward-looking statements is not assured*).

PERFORMANCE

- ▶ Is there evidence of disclosures that provide an understanding and prioritisation of material sustainability topics for the organisation and its stakeholders.

★ KEY TERMS

FORWARD-LOOKING INFORMATION Information that is progressive and future-oriented in nature that projects or positions targets, expectations, or possibilities.

⁴ For example, a process for analysing relevance could include identification and testing topics in relation to:

- Direct financial impacts
- Policy-related performance
- Science-based Targets
- Organisational peer-based norms
- Stakeholder behaviour and concerns
- Societal norms

PRINCIPLE OF RESPONSIVENESS

When assessing the nature and extent of adherence to the *Principle of Responsiveness*, an assurance provider checks whether the reporting organisation has responded to material topics consistent with stakeholder and organisational interests and expectations. **Responsiveness is an organisation's timely and relevant reaction to material sustainability topics and their related impacts.** *Responsiveness* is realised through decisions, actions, and performance, as well as communication with stakeholders.

Some examples for beginning an assessment of an organisation's *Responsiveness* are provided below.

CONTEXT	PROCESS	PERFORMANCE
▶ Is there a commitment from the highest governing body of the organisation which can be demonstrated through meeting minutes or action plans that are responsive to stakeholder concerns? ▶ Is there evidence of responding to stakeholder concerns across the full organisation, demonstrated by inclusion of the relevant topics in risk management, compliance management, and strategy development and consistent with other strategic documents and plans? ▶ Are necessary competencies and resources in place that allow the reporting organisation to achieve its stated commitments within the stated time frame and communicate its response in a way that is consistent with stakeholder interests? Are these competencies and resources documented with training records, budget allocations, and other evidence?	▶ Are there documents that indicate that external stakeholder views and impact have been considered in the prioritisation of a topic for response? ▶ Is there evidence of responses and communication with stakeholders on an ongoing and timely manner?	▶ Can the organisation provide evidence of any feedback received from stakeholders that indicates the organisation has responded in a way that addresses their needs, concerns, and expectations? ▶ Is there evidence that when communicating with stakeholders, suitable reporting principles, frameworks, and guidelines that support comparability of information have been used?

Lastly, if there are material topics that have not been responded to, this needs to be communicated in the Conclusion of the Assessment Statement.

PRINCIPLE OF IMPACT

Adherence criteria for the *Principle of Impact* can be found in the AA1000AP (2018). The assurance provider should establish what evidence is required to determine the nature and extent of adherence to the Principle. Key to this is whether the organisation has considered sufficient aspects of the *Impact of Material Topics* based on its understanding of the related stakeholder concerns.

Impact, as used in the Principles, is the effect of behaviour, performance, and/or outcomes on the part of individuals, or an organisation, on the economy, the environment, society, stakeholders, or the organisation itself. Potential direct and indirect *Impacts of Material Topics* — which may be positive or negative, intended or unintended, expected or realised, and short-, medium-, or long-term — are considered.

Some, but not all, inquiries that may be used to assess *Impact* follow below.

CONTEXT	PROCESS	PERFORMANCE
▶ Is there evidence of senior management involvement to understand, measure, evaluate, and manage the <i>Impacts</i> of an organisation, demonstrable through policy documents, strategy documents, internal reports, or meeting minutes? ▶ Is there evidence of the integration of <i>Impact</i> assessment across the full organisation and within key management procedures, demonstrated by the inclusion of <i>Impact</i> in the <i>Materiality</i> assessment process, organisational strategy development, or goal setting? ▶ Are there allocations for, and availability of, necessary competencies and resources for <i>Impact</i> assessment, such as training records or use of an external service provider?	▶ Is there evidence of a defined methodology for <i>Impact</i> assessment, like setting of consistent and clear boundaries, purpose, time-period, and scope? ▶ Is <i>Impact</i> understood, measured, and managed through processes that are credible, clear, and understandable as well as replicable, defensible, and appropriate for external assurance? ▶ Is there documented evidence that presents <i>Impacts</i> as a qualitative, quantitative, or monetised measurement?	▶ Are there specific disclosures used by the organisation to communicate <i>Impact</i> with stakeholders?

3.1.2 TYPE 2 ASSURANCE

In a *Type 2* engagement, the work relating to the AccountAbility Principles, and that relating to the reliability and quality of performance information, is performed simultaneously. The anticipated outcomes of the work relating to performance information can feed into the opinion on the Principles. For *Type 2* engagements, the criteria for *sustainability performance information* are found in a range of other sources, including other standards and guidelines, as identified and agreed upon in the engagement agreement.

When assessing the reliability and quality of specified sustainability performance information, the assurance provider needs to seek out evidence that is relevant to the performance claim in the disclosure that is being assured. This also potentially includes a wide range of usable evidence (e.g., on systems and processes in place and their performance, on data gathering practices and competencies, and on the accuracy of calculations). All evidence gathered and reviewed needs to be comprehensive and balanced.

When assessing specified sustainability performance information, the assurance provider focuses on the reliability, as well as the quality, of reported information. As a result, the assessment should cover the qualitative and quantitative assertions made by the organisation about its sustainability performance, as well as underlying systems, processes, information, and data.

The assurance provider brings an understanding of 'completeness' to the assessment of the reliability and quality of performance information. A thorough set of tests on performance information might consist of, but not be limited to, those given below.

RELIABILITY AND QUALITY

- ▶ Has information been gathered, recorded, compiled, analysed, and disclosed in a way that, when examined, establishes the quality and *Materiality* of the information?
- ▶ Can the original source of information be identified?
- ▶ Is there support for assumptions or complex calculations?
- ▶ Is representation available from the original data or information owners attesting to its accuracy within acceptable margins of error and timeliness?

ACCURACY

- ▶ Are data measurement techniques and bases for calculations adequately described, and can they be replicated with similar results?
- ▶ Is the margin of error for quantitative data small enough not to substantially influence the ability of stakeholders to reach appropriate and informed conclusions on performance?
- ▶ Is there an indication of which data has been estimated and the underlying assumptions and techniques used to produce the estimates, or where that information can be found?
- ▶ Is qualitative information valid on the basis of other evidence reviewed?

COMPLETENESS AND COMPARABILITY

- ▶ Can behaviour and information be compared over a year-to-year or other periodic basis?
- ▶ Can behaviour and information be compared to that of industry peers or comparable organisations?
- ▶ Can the organisation's performance be compared with appropriate benchmarks?
- ▶ Can any significant variation in the boundary, scope, length of reporting period, or information covered in the report be identified and explained?
- ▶ Are generally accepted protocols for compiling, measuring, and presenting information used?

3.2 LEVELS OF ASSURANCE

According to the AA1000AS v3, an assurance engagement may be carried out to a ‘High’ or a ‘Moderate’ level of assurance. Since different subject matter may be addressed in one assurance engagement, a *High* level of assurance may be provided for some subject matter, while a *Moderate* level of assurance may be provided for other subject matter in the same Assurance Statement. This should be clearly noted in the Assurance Statement.

The assurance provider needs to obtain sufficient appropriate evidence upon which to base conclusions. Sufficiency is the measure of the quantity of evidence, while appropriateness is the measure of the quality of evidence, which is to say, its relevance and its reliability. Sufficient and appropriate evidence is obtained as part of an iterative, systematic engagement process.

The assurance provider should consider the relationship between the cost of obtaining evidence and the usefulness of the information obtained. However, the matter of difficulty or expense involved is not in itself a valid basis for omitting an evidence-gathering procedure for which there is no alternative. The assurance provider should use its professional judgment and exercise professional scepticism in assessing the quantity and quality of evidence, and thus its sufficiency and appropriateness for inclusion in the Assurance Statement.

The required evidence for determining what is acceptable and sufficient to assess adherence would depend on whether the level of assurance is ‘High’ or ‘Moderate.’ When dealing with large datasets or information, it is not expected that the assurance provider checks all evidence, but rather, the assurance provider should review samples that potentially support management testimony.

The AccountAbility license agreement stipulates the requirement for the retention of all relevant documents that are needed to substantiate the findings and conclusions in the Assurance Statement. Confidentiality and security should be ensured when storing these documents for future reference.

3.2.1 MODERATE LEVEL OF ASSURANCE

The assurance provider achieves *Moderate* assurance where limited evidence has been obtained to support their statement. *Moderate* assurance provides users with a lower level of confidence than a *High* assurance level with respect to an organisation’s disclosure on the subject matter at hand, and on the application of the AccountAbility Principles in general.

For a *Moderate* level assurance engagement, the subject matter of the engagement should be understood, and the adherence criteria of the four AccountAbility Principles at risk of fulfilment (*Type 1*) and areas of the subject matter most likely to be materially misstated (*Type 2*) should be identified. Relevant processes, systems, and controls at the organisation should be observed and assessed through appropriate testing procedures for a *Moderate* level, with any enquires made with the responsible individuals at the organisation as required.

Analytical procedures appropriate for a *Moderate* assurance involve basic sampling that supports the plausibility of the information. These procedures will be specifically targeted to the areas of the subject matter identified, per the above paragraph, as adherence criteria of the AccountAbility Principles most likely to be unfulfilled (*Type 1*) and data and information most likely to be materially misstated (*Type 2*).

A *Moderate* level of assurance is mandated where the subject matter relates to ‘forward-looking’ information. In this case, the assurance provider should assess what methodologies (for example, scenario analysis, risk analysis, future forecasting) have been applied by the organisation in developing its position, targets, metrics, and subsequent narrative in relation to such forward-looking information.

3.2.2 HIGH LEVEL OF ASSURANCE

A *High* level of assurance can be achieved where sufficient evidence has been obtained, based on suitable criteria, to support the statement that the risk of the conclusion being in error is very low but not zero. Accepted sampling and testing protocols should be carried out on internal procedures and processes, systems and controls, and available performance information to achieve the *High* level of assurance.

For a *High* level assurance engagement, the control environment and relevant controls at the organisation (determined based on professional judgment) should be assessed using appropriate testing procedures for relevance of design and level of implementation. In addition, interviews with individuals responsible for the controls at the organisation are necessary for corroboration.

Analytical procedures performed to establish a *High* level of assurance should be based on quantities or ratios in sampling that also support the risk of the conclusion being in error as very low but not zero. The specific analytical procedures performed would depend on the subject matter and established criteria. Accepted protocols should be applied, depending on whether the data and information available is qualitative, quantitative, or monetised.

3.3 CONSIDERING SUBSEQUENT EVENTS

It is important to be clear about the timing and dates of the Assurance Process and Statement.

Subsequent events may have the potential to affect the subject matter information and the practitioner's conclusion. These events – *if materially relevant, anticipated, or forecasted for the organisation* – should be considered when the report is issued to ensure reasonable care is taken to account for them in reporting.

Consideration of subsequent events in some assurance engagements may not be relevant, such as topics that are not deemed material, or because of the nature of the subject matter—for example related to the next reporting period such as leadership changes at the reporting organisation.

ISSUING AN AA1000AS v3 ASSURANCE STATEMENT AND OPTIONAL REPORT TO MANAGEMENT

4

4. ISSUING AN AA1000AS V3 ASSURANCE STATEMENT AND OPTIONAL REPORT TO MANAGEMENT

The AA1000AS v3 does not prescribe the language to be used in an Assurance Statement. However, to promote a level of consistency and comparability, it does establish requirements for the information in the statement. An assurance provider is not limited by the minimum requirements in AA1000AS v3. The assurance provider should keep the audience in mind and provide a statement that is clear, concise, and meaningful.

An AccountAbility-licensed assurance provider is entitled to use the AA1000 v3 Assurance Statement Marking logo with unique number for assurance statements adhering to the AA1000AS v3 and the terms and conditions set out in its license agreement with AccountAbility. This agreement is personal to the Licensee, which may neither assign it nor grant any sub-licenses of the rights licensed to it.

4.1 CLARIFICATION ON LIMITATIONS

If the scope of the sustainability disclosure has been limited in any way – in terms of the range of topics, the declared audience, or the way the organisational boundaries are drawn – the assurance provider needs to acknowledge this in its assessment of adherence to the AccountAbility principles and in its findings and conclusions.

In assessing adherence to the AA1000AS v3, the assurance provider provides conclusions on the transparency of the organisation, taking any limitations in reporting into account. It is important to be explicit about any limitations related to the engagement, for example in its scope or evidence gathering. During the assurance engagement, if an assurance provider concludes that the applied boundary does not adequately capture *Material Impacts*, this finding should be included in the Assurance Statement under 'Limitations.' If management describes limitations in the sustainability disclosure itself, then the assurance provider may refer to these in the Assurance Statement, rather than repeating them.

4.2 SAMPLE ASSURANCE STATEMENT

The sample assurance statement indicates a possible format for an AA1000AS v3 assurance statement.

3.1.1

To:

3.1.4

Scope

3.1.3

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3.1.6

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3.1.2

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3.1.5

Criteria

3.1.7

Methodology

3.1.9

Independence and competencies

3.1.8

Limitations

3.1.12

Conclusions

3.1.13

3.1.14

Recommendations

This is an illustrative assurance statement example. All organisation-specific text has been redacted. Volore dollectur, iust aut omni quam faciur, vid que quid quodi Omnimilibus et est

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ASSURANCE INFORMATION

- 3.1.1

Intended users of the Assurance Statement
- 3.1.2

Responsibilities of the reporting organisation and assurance provider
- 3.1.3

Reference to the AA1000AS v3 and other assurance standard(s), if used
- 3.1.4

Description of the scope, subject matter, the type, and level of assurance provided
- 3.1.5

Reference to criteria used
- 3.1.6

Description and sources of disclosures covered
- 3.1.7

Description of methodology
- 3.1.8

Limitations and approach used to mitigate limitations
- 3.1.9

Notes on the independence and competencies of the assurance provider
- 3.1.10

Name of the assurance provider
- 3.1.11

Date and place

PERFORMANCE RELATED INFORMATION

- 3.1.12

Findings and conclusions concerning adherence to the AA1000 AccountAbility Principles of *Inclusivity, Materiality, Responsiveness, and Impact* (in all instances)
- 3.1.13

For Type 2 assurance, findings and conclusions concerning the reliability and quality of specified performance information
- 3.1.14

Any Recommendations to address deficiencies, if included

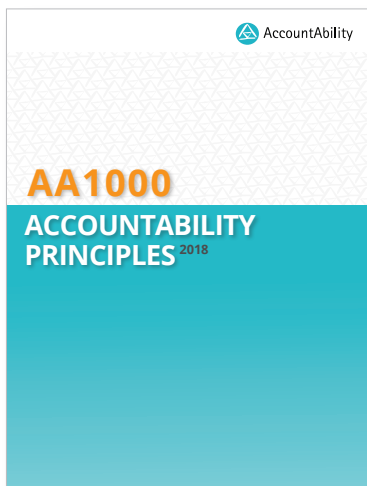
ANNEXES

5

A.

THE AA1000 SERIES OF STANDARDS

The AA1000 Series of Standards consists of one set of Guiding Principles, two Standards, and supporting Guidance documents.



AA1000 AccountAbility Principles (2018)



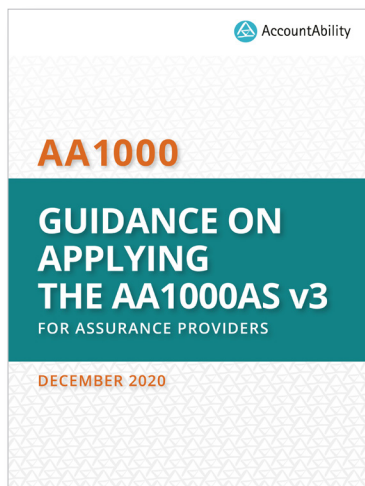
AA1000 Assurance Standard v3 (2020)



AA1000 Stakeholder Engagement Standard v3 (Upcoming)



AccountAbility Principles: Key Changes and Bridge to Wider Reporting Frameworks (2018)



Guidance on Applying the AA1000AS v3 for Assurance Providers (2020)

B.

THE ACCOUNTABILITY AA1000AS v3 WORKING GROUP

Mr. Murray Sayce	(Chair) Principal, Corporate Sustainability, ERM CVS, UK
Mr. Wim Bartels	Global Head of Sustainability Reporting & Assurance, KPMG, Netherlands (Until May 2018)
Ms. Sarah Bostwick	Manager, Reporting, UN Global Compact; Co-Coordinator, UN Sustainable Stock Exchanges, US (Until October 2016)
Dr. Glenn Frommer	Managing Partner, ESG Matters ApS, Denmark
Mr. Vishal Goel	Associate Director, Sustainability, Bureau Veritas, UK (From November 2018)
Ms. Lina Hilwani	Sustainability Services Manager, Bureau Veritas, UK (From August 2017 – November 2018)
Mr. Terence Jeyaretnam	Partner, Climate Change and Sustainability Services, EY, Australia
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