

Sustainability Assurance

Effective assurance is driven by the demands of stakeholders for reliable information on which to make decisions. Identifying who needs assurance and what will assure them is not straightforward. One of the greatest challenges facing businesses today is figuring out how to provide stakeholders with the assurance they need.

The first important step is to understand what type of data, information and reporting stakeholders are looking for. Different stakeholders are assured on the basis of different parts of the data chain, which includes information on values, strategy, future plans, decisions, actions and performance, end-of-pipe impacts, conformity with laws and standards, and reputation. Traditional reporting and audit methods that focus on accurate descriptions of historic performance, rather than predictive value, while still important, will not be sufficient to deliver assurance to some groups.

The second important step is to understand the assurance pathways. How well stakeholders are assured depends on a mix of formal and informal sources of information. Information may be in the public domain or shared amongst a privileged set of networks. It may range from formal assurance statements in corporate reports to direct engagement with stakeholders.

The third important step is to understand what voices are credible to what stakeholders. Assurance providers need to be able to demonstrate credibility through technical competency as well as through values conducive to the social and environmental concerns of the stakeholders in question. In essence there is a need for them to develop a social contract with stakeholders as part of an assurance process.

Methodology is also an important factor in determining how well stakeholders are assured. There is a need to move beyond assuring accuracy to assuring materiality. This means that the information included is relevant and important as well as reliable.

Finally, effective assurance in the future is likely to be based on a 'joined-up' approach rather than an assembly of different elements. Today's practice involves companies engaging with stakeholders, and then auditors being brought in to check the data. Tomorrow's practice will involve assurance providers in the engagement of stakeholders in order for them to build trust and credibility by demonstrating knowledge, sensitivity and individual integrity.

Assuring stakeholders in the 21st century will be an increasingly difficult feat. What is certain is that there is no one action or process that assures stakeholders, but rather a number of occurrences that happen along the pathway of engagement in which trust can be fostered, as well as undermined. Robust methodologies employed in formal assurance need to be complemented by integrity and independence, but also reflect the wide set of values held in high regard by stakeholders.



Alan Knight
Head of Standards and Related Services
AccountAbility

www.accountability21.net