



GRI Sustainability Reporting Guidelines G3
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G3 as suitable criteria for assurance provision

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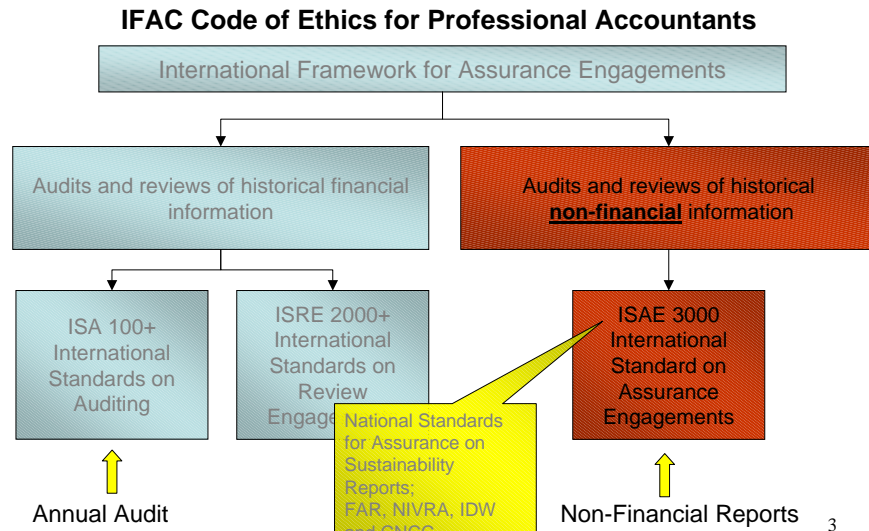
About FEE

- Representative organisation for the accountancy profession in Europe
- 44 Member Bodies in 32 countries
- Sustainability Working Party since 1993
- Sustainability Assurance Subgroup
- All FEE sustainability/environmental publications available from: **www.fee.be**

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Assurance – ISAE 3000 and the assurance framework



International
Auditing and
Assurance
Standards Board

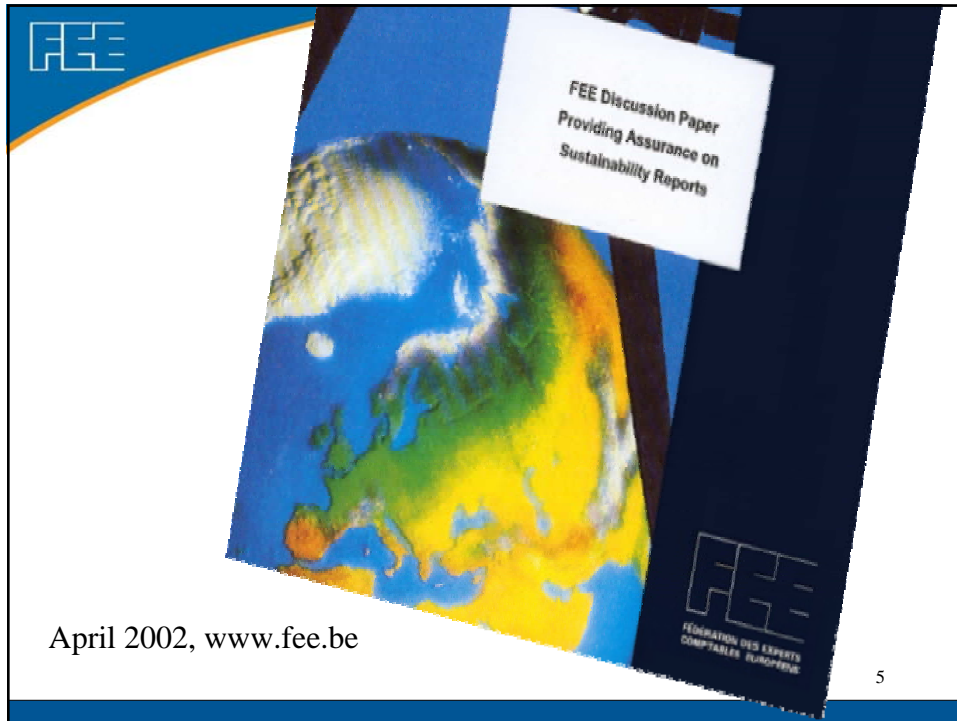
ISAE 3000 (Revised)
Approved December 2003

*International Standard
on Assurance Engagements 3000*

Assurance Engagements
other than Audits or
Reviews of Historical
Information

www.ifac.org

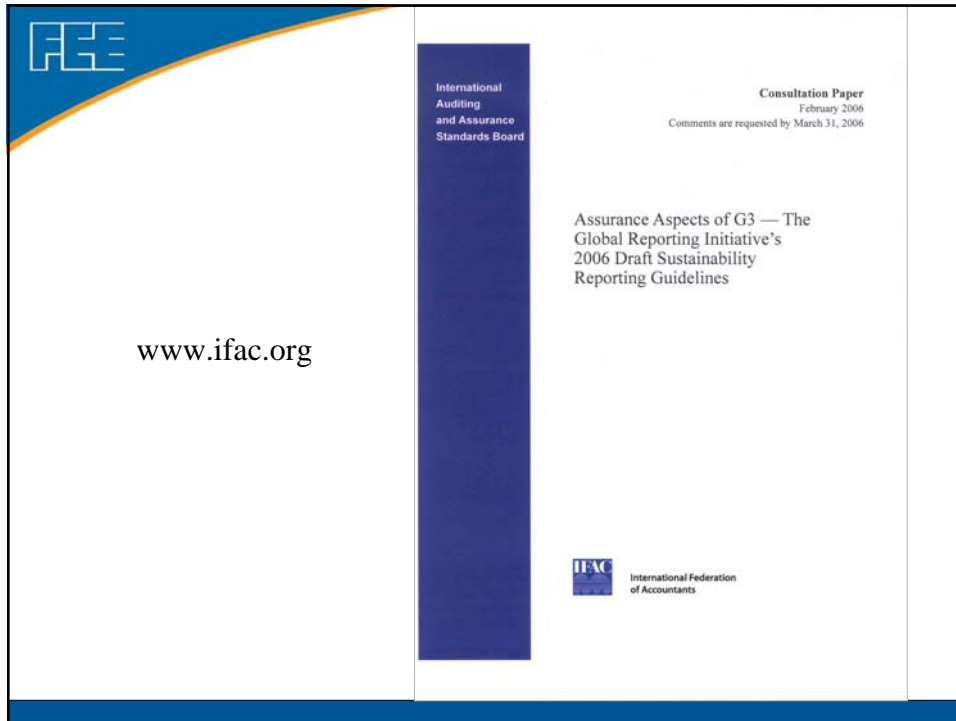




Key Issues in Sustainability Assurance

- Suitable criteria
- Scope of reporting
- Integrated reports
- Compliance with GRI
- Using the work of an expert
- “Assurability”

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Elements of Assurance

- Subject matter
- Objectives
- Level of assurance
- Criteria
- Assurance process
- Assurance report (conclusion)

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G3 “Guidelines use and report compilation” (page 24) notes:

“Organizations seek to add credibility to their reports through a variety of approaches, which involve internal and external resources. **The use of independent, external assurance for sustainability reports is recommended.** The use of internal...”

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Key Factors for Credible Assurance

- The credentials of the assurance provider (independence, education, experience, quality control, etc)
- The assurance methodology and standards
- The use of multi-disciplinary teams
- Clarity on level of assurance to avoid an expectation gap

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Purpose of IFAC's Consultation Paper

- Stimulate interest in G3 amongst accountants
- Encourage accountants to respond on GRI G3
- Encourage accountants to consider whether G3 would be acceptable as "suitable criteria" for an assurance engagement
- Provide the IAASB with feedback on aspects of ISAE 3000's application to sustainability assurance

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IFAC's Consultation Paper Contents

1. G3 Discussion of Assurance
- 2. Suitable Criteria**
3. Stakeholder Engagement
4. Relevance and Materiality, and other Principles

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Suitable criteria exhibit the following characteristics (extracted from paragraph 36 of IFAC's Framework for Assurance Engagements)

- Relevance
- Completeness
- Reliability
- Neutrality
- Understandability

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Suitable criteria one by one...

- **Relevance:** relevant criteria contribute to conclusions that assist decision-making by the intended users.
 - Does the multistakeholder process employed by GRI in developing the Guidelines ensure that they are relevant?
 - Are there any situations where the Guidelines would not be relevant?

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Suitable criteria (cont.)

- **Completeness:** criteria are sufficiently complete when relevant factors that could affect the conclusions in the context of the engagement circumstances are not omitted. Complete criteria include, where relevant, benchmarks for presentation and disclosure.
- G3 allows an organisation to not report on core indicators if they are demonstrated not to be material
- Do these circumstances for omitting core indicators impair the suitability of G3 in terms of completeness?

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Suitable criteria (cont.)

- **Reliability:** reliable criteria allow reasonably consistent evaluation or measurement of the subject matter including, where relevant, presentation and disclosure, when used in similar circumstances by similarly qualified practitioners.
- A number of choices or alternatives are offered in G3, for example:
- Variation in reporting boundary (page 9).
 - Restating current disclosures "whenever practicable" (page 11).
 - Determining the "level of aggregation at which to present information" (page 24).

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Suitable criteria (cont.)

- **Neutrality:** neutral criteria contribute to conclusions that are free from bias. Is G3 sufficiently neutral? That is, do the components of G3 limit the extent to which preparers can introduce undue bias into the preparation of a sustainability report that a professional accountant could still conclude is in accordance with G3?

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Suitable criteria (cont.)

- **Understandability:** understandable criteria contribute to conclusions that are clear, comprehensive, and not subject to significantly different interpretations. Is each of the components of G3 (disclosure items, disclosures on management approach, core and additional indicators, technical protocols, principles, and other guidance) understandable, e.g. is their drafting sufficiently clear?

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Questions and Answers session