

# A Smoother Approach to Sustainability Assurance

## 5 Pitfalls to Avoid

**B**usinesses are increasingly disclosing a range of non-financial information — including supply chain practices, carbon emissions, and energy use — to give stakeholders more transparency and accountability around their operational practices. Third-party assurance of this publicly reported data can distinguish one corporate sustainability report from the rest, ensuring the reliability, credibility, and value of this information.

### The Challenge: A Familiar Concept with Different Rules

While many companies are familiar with the concept of financial statement assurances, the assurance of non-financial information is less common and can seem confusing. One reason is that companies report nonfinancial information in a variety of ways and, as a result, there's a wide range of assurance practices and standards. In contrast to financial statement assurance, generally accepted practices for sustainability assurance are still emerging.

### 5 Pitfalls to Avoid

With some foresight, companies can avoid mistakes when considering how to assure sustainability information. Here are five common pitfalls and how to sidestep them.

#### 1. Guessing at Stakeholders' Expectations

Sustainability reporting has moved from the fringes of the business world to a top agenda item for shareholders, employees, regulators, and customers. Knowing the quality of data that stakeholders expect can put the decision about assurance in the right context.

#### 2. Waiting Until Assurance Is Required

Some companies realize that their sustainability record could be a factor in their next big contract or key acquisition, but what if that opportunity arose today? Too many organizations only look into how to have their nonfinancial information assured after another party has requested it; but then they realize that they're not prepared for the

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rigor involved. By understanding what's involved before they need to act, companies can make the best decisions on how to prepare for the assurance process.

#### 3. Blurry Business Objectives

Without clarity around the business objectives for conducting an assurance, many companies waste valuable time exploring assurance that may not meet their needs, or collecting data in ways that cannot be verified for the level of assurance they want.

#### 4. Discounting Assurance Restrictions

A lack of standardization in reporting processes and controls could potentially impede a company's ability to obtain sustainability data assurance. If the reporting program was not designed to consider the reliability of information by third parties, a company may need to adjust its processes before engaging a firm to provide assurance over reported data.

#### 5. Misjudging the Maturity of Internal Processes

Sustainability reporting is still relatively new. Without set, standardized reporting processes, many organizations have cobbled together inaccurate and inefficient processes that rely on spreadsheets, manual calculations, and ad hoc data transfers. An "assurance readiness" assessment from an experienced third party can help eliminate inefficiencies in the data collection process and inaccuracies in data before the assurance process begins.

### Trusted Insight for Your Assurance Journey

Third-party assurance from a trusted provider improves information reliability and offers independent insight into how sustainability links to a company's financial health, while reducing the risk of a material misstatement.

Assurance sets an organization on a journey to address the expectations gap between report issuers and report readers over the accuracy of a company's claims. If you're not sure how to start this journey, ask your assurance provider to determine what is both practical and achievable for your business. For more information, visit [www.pwc.com/us/sustainability](http://www.pwc.com/us/sustainability). ■



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