A photograph of a modern office meeting. Four people are seated around a white table. A woman with long dark hair is in the foreground, looking at a large monitor. The monitor displays a software interface with a sidebar and a main content area. To the right, a woman in a denim jacket is working on a laptop. Further right, a man in a white shirt and glasses is resting his chin on his hand, looking towards the monitor. The background wall is covered with numerous yellow and pink sticky notes. The scene is brightly lit, suggesting a collaborative work environment.

Answers to 7 Frequently Asked Questions on Sustainability Assurance

7 Frequently Asked Questions on Sustainability Assurance

This guide unpacks a complicated topic – assurance reviews for sustainability data and reporting – by answering the following questions

1. Who Needs Assurance Reviews?
2. What is the Purpose of Assurance?
3. How are Assurance Results Shared?
4. What Will an Assurance Review Focus On?
5. What is the Readiness Checklist?
6. How Long Will It Take to Get Ready?
7. How are Forward-Looking Statements Addressed?

For additional information see the [GLYNT Guide: What to Expect and How to Get Started with Sustainability Assurance](#)



1. Who Needs Sustainability Assurance Reviews?

Today, sustainability assurance reviews can be required to raise funds in the financials markets.

Beginning in 2024, businesses around the globe will need sustainability assurance reviews as part of their financial reporting.

Assurance reviews are part of a new ecosystem of sustainability reporting. In 2020, the World Economic Forum (WEF) and 145 leading companies came together out of frustration. Because voluntary sustainability reporting left so many reporting decisions to companies, the voluntary reports used incredibly varied methods and selections of data. Investors want to **compare sustainability performance over time and across companies**. Clearly a simple and straightforward request! But it required building out an entire ecosystem.

WEF convening has led to the global harmonization of standards we see today. Regulations that mandate assurance reviews begin to phase in during 2024. But more importantly two global vectors are setting the pace for assurance reviews.

- **Access to capital.** Consumers have persistently high demand for “green investments,” and financial markets have raced to respond. Even before standards were set investment banks have requiring sustainability assurance reviews for bonds and working capital, because they know there will be bigger, more assured demand for a “green” offering.
- **Global financial reporting standards.** The International Financial Reporting Standards (IFRS) requires sustainability assurance reviews starting in 2024. Whether a public or private company, the IFRS standards for “non-financial” data (e.g. sustainability data) in financial statements apply.
- **US. Public companies.** In the U.S. the Financial Standards Accounting Board (FASB) sets the reporting standards, and after the US SEC publishes it’s rulemaking on climate disclosures (expected October 2023), FASB will issue its reporting standards too.

In sum, sustainability assurance reviews are needed for access to capital around the globe today, and for financial reporting starting in 2024. We’re in a new era.

2. The Purpose of an Assurance Review

Users of sustainability data and reports want to make reliable decisions based on the information provided. The assurance review increases their trust and confidence.

The purpose of the assurance review is to increase confidence in sustainability data and reports. The external reviewer is looking to make a **meaningful conclusion** about the sustainability data preparation method, based on sufficient evidence and specific tests of the data preparation system.

Adopting the perspective of a user of sustainability data, the reviewer examines whether the information prepared is “decision-useful,” e.g. could the reader make a sound decision based on the data and report made available?

As the graphic shows, **data quality scores** and **public data sharing** are other ways for users to evaluate the quality of data and reporting. But even with additional avenues of transparency, the assurance review is key to confidence with investors, regulators and customers.

The Four-Part System to Improve Confidence in Sustainability Data & Reporting



3. How Results are Shared

The assurance report will be requested by regulators, investors and customers.

Whether a public or private company, expect to share the results of your assurance review.

There are four potential report types and outcomes for an assurance review:

- **Unqualified (aka Clean) Opinion**
 - No issues found, and the evidence was sufficient to draw this conclusion.
- **Qualified Opinion**
 - Some areas were found that did not comply with the standards, but the company is not conducting business in an illegal or with misrepresentations.
- **Disclaimer**
 - The auditor has excused themselves from issuing an opinion, possibly due to lack of sufficient evidence.
- **Adverse Opinion**
 - Issued when there is evidence of fraud or misrepresentation.

The assurance outcome is shared when sustainability data and reports are filed regulators, investors and customers. A clean opinion requires sufficient evidence, a data preparation method that meets standards.

And as noted on the previous page, assurance reviews are part of overall strategy to harmonize standards, measure data quality, and make sustainability public. Public and private companies should expect to disclose the outcome of their assurance review.



4. The Focus of the Assurance Review

The International Audit & Assurance Standards Body (IAASB) has leveraged decades of experience with financial data and reporting to provide a clear framework for sustainability assurance reviews



IAASB[®]

The assurance review must be meaningful,
e.g. add confidence for the data user

The data must be validated for the intended use cases,
e.g. accurate, complete and in context

The data preparation system must produce reliable data,
e.g. unbiased, repeatable results, with narrow range of quantified error

The data preparation system must monitor itself,
e.g. prevent errors, catch errors, and report on its error-detection performance

Essentially sustainability data must be produced as rigorously as financial data

5. The Readiness Checklist

The checklist demonstrates the rigor of the assurance review, and the considerable investment required to create an assurance-ready sustainability data system.

Is the data decision-useful in the intended use case?

Example: Data is provided for upload into the All-Green sustainability software. Is the data accurate? Is it complete? Is it in context for what All-Green will do with the data?

Is the data preparation system reliable?

Example: Unreliable Co. uses an error-prone manual data entry system. Testing shows that the same data inputs lead to slightly different outputs. And when inputs are changed a bit, no one can verify that the variations in output are correct.

How is data quality measured and monitored?

Example: Workflow Co. knows that sustainability data preparation has quite a few stages. It has installed accuracy tests at each stage, and has daily reports on system performance.

Is the data complete?

Example: Big Co. has 200 sites. Unfortunately, natural gas usage was omitted for 20 sites. This raised auditor concerns about a lack of systematic method and potential misrepresentation of omissions, e.g. “greenwashing.”

Who has access to the data? Who monitors & resolves exceptions?

Example: Big Co. puts all sustainability data, including procurement spending allocations, into a large data pool for four part-time contractors to work on. Each contractor has access to all data. This violates the Principle of Least Access.

Is the system of data preparation monitored to ensure it is performing as expected?

Example: Great Co. carefully monitors data quality at every stage in the workflow. And it has a second system that tests the quality of reporting from the first system.

Is the system of data preparation aligned with strategic objectives?

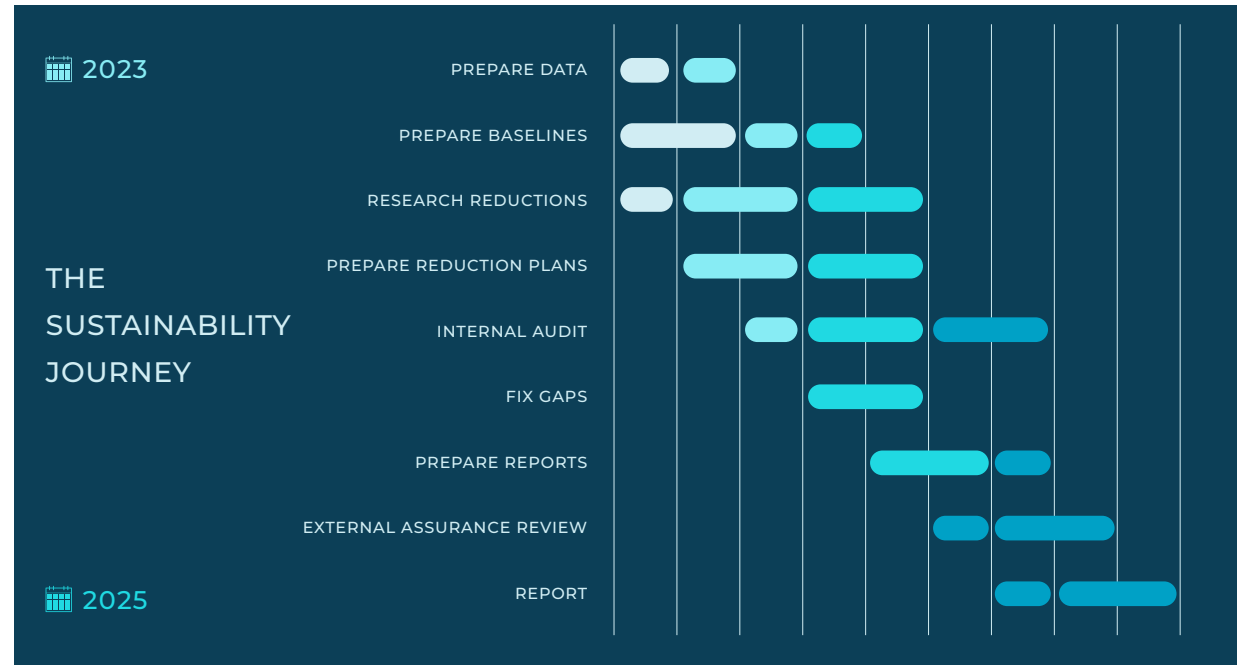
Example: Aligned Co. holds semi-annual reviews on objectives, data quality and risks at three levels: Board, C-Suite and senior management.

6. The Readiness Timeline

For companies reporting in 2025, the countdown has begun.

For other companies, allow 9 – 15 months for your first reporting cycle.

Sustainability assurance is new, so most businesses will find it prudent to do a dry run – an internal audit – so they have time to close data gaps and fix other issues before the auditors engage.

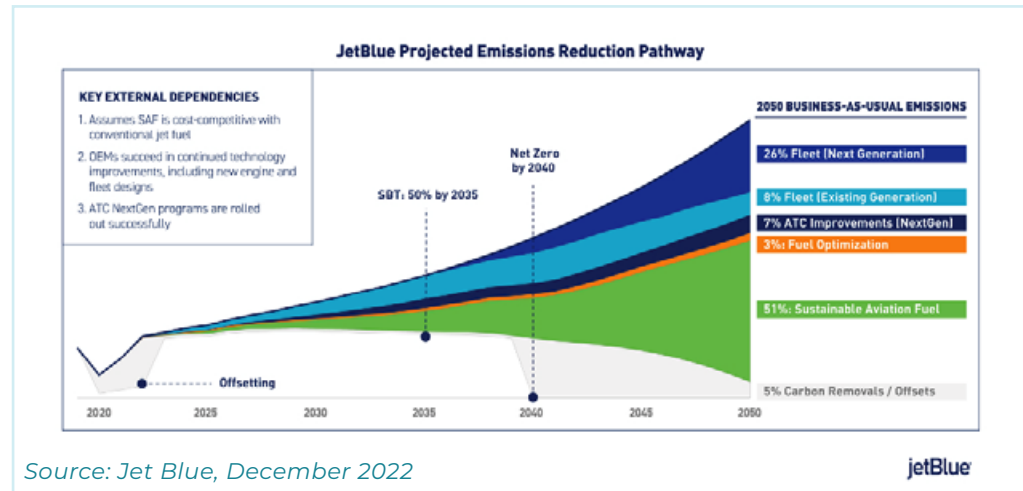


Assurance includes a review of the reduction plan. Coordination between sustainability and finance will take extra time but is needed to ensure the reduction plan is capital efficient.

Two tasks – reduction planning and internal audits – take quite a bit of time. And reduction plans must be built with accurate, actual data. So the data preparation and baseline reporting should be done soon to avoid jamming up the schedule.

7. Forward-Looking Statements

Accurate and granular sustainability data is the must-have starting point for reduction plans. Assurance reviews will be focusing on how projections from this data align with other financial forecasts.



Many businesses have announced net zero targets. And now they face a challenge: How to demonstrate the credibility of that forward-looking statement to regulators, investors and auditors.

We congratulate Jet Blue for being so clear and specific on their plans. They have separated the use of carbon offsets from internal emission reductions, a separation that is required in the new regulations. And they have articulated the plan dependencies: Sustainable aviation fuel must be cost-competitive with conventional fuel, and technologies provided by others must improve as expected.

The next step is for Jet Blue to make the plan credible by showing the financial commitment behind the goals, specifically the operating expenses and capital expenses allocated in their budgets.

Assurance reviews, regulators and investors are looking for the specifics. Accurate, actual sustainability data is the must-have starting point. The financial planning team will need to build the business case for reductions and then evaluate the tradeoff between emissions reductions and other uses of funds.

Jet Blue is further into the planning process than most companies, but every forward-looking statement on net zero goals and reduction plans is facing the same credibility challenge. The exciting narrative and the data provided must line up.

With very compressed timelines, businesses everywhere are evaluating their options for sustainability preparation & data compliance. Here are three options:

1 DIY – Build a Financial-Grade System In-House

For businesses already reporting financial data, it may feel natural to extend that system to sustainability data stream. The challenge is time and resources for the initial deployment and willingness to constantly re-invest to keep up with changing standards. Remember how hard it was to do the first time?

2 Document the Current Method

For businesses processing data via spreadsheets, outsourcing and semi-automated workflows, it may seem natural to simply document the current method. Unfortunately, not only must the the many data touchpoints be recorded, but monitoring, controls and KPIs must be put in place to track method performance and data health. This a huge investment for a slow, error-prone data preparation system.

3 Use an Assurance-Ready Sustainability Data Provider

Most businesses are already months and months to round up their sustainability data. A data provider can speed that step through automation in an assurance -ready system. Solve the data prep and assurance challenge in one step!

Ask the provider for a Certificate of Attestation, which speaks to how the provider prepares the data and how it has been audited. And stay in compliance, as the data provider will constantly update to the latest data and assurance requirements.

3 Options for Sustainability Data Preparation



Around the world, regulators, investors and customers are demanding sustainability data that is consistent over time and across companies.

We're entering a new era, in which sustainability data must be produced as rigorously as financial data, including external audit and assurance reviews.

Accelerate Sustainability with GLYNT

Get the accurate, actual, assurance-ready data you need from GLYNT. Contact us at info@glynt.ai. We'd love to hear your data story.

ABOUT GLYNT

GLYNT is The Sustainability Data Company, producing investor-grade data for businesses around the world. Our audit-ready sustainability data enables accurate reporting, operational efficiencies and access to financial capital. With a purpose-built machine learning system, GLYNT is the automated solution for all types of water, waste, energy and emissions data. Speed work, lower costs, and power ESG, carbon accounting and other business systems with accurate, actual data from GLYNT. Learn more at glynt.ai

