



Triple Bottom Line: Economic, Environmental, Social Performance

Attest and Verification Services
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Why Companies Care

- Value set of the company and/or its leaders
- Efficiency and cost savings
- Compliance with legal and regulatory requirements
- Achieving competitive advantage and long-term profitability
- Managing risk to the reputation of your company/brand
- Customer demand for green/sustainable products/services
- Employee attraction and retention
- Government grants or other incentives
- Public scrutiny over labor, sourcing, or other business practices
- Supply chain vendor requirements

Source: December 2010 study by AICPA/CIMA/CICA. “Evolution of Corporate Sustainability Practices”

Sustainable Enterprise

Strategy

Planet

People

Profits

GHG
Energy
Water
Waste

Community
Fair Wage
Slave Labor
Diversity

Audited
Financial
Statements

Supply Chain
Codes of Conduct

CPA Services?



Common Reports and Communications

- CSR report
- Greenhouse Gas Emissions report
- Code of conduct or other supply chain report
- Integrated report
- Web site claims and assertions
- Product certifications
- Product names
- Other marketing materials

Growing Supply Chain Requirements

- Product and ingredient suppliers
- Contractors and subcontractors
- Service providers
- Utilities
- Transportation companies

Supply Chain Reporting Roadblocks

- Accounting and Finance Department frequently does not even know the company is “reporting”
- HR or Sales is the lead reporting department
- No formal data collection system or robust internal controls
- No controls over accuracy or puffery
- Misrepresentation and inaccuracies are common (this may have effect of creating a need for verification or attest services)
- Misreporting has potential to cause “probation” with major customer, expensive corrective actions and even loss of customer relationships

Biggest Challenge of All Is:



Green
Washing

Corrosives & Green Washing

- Looking “Green” is a business advantage
- Selective reporting and puffery
- Too many and too weak product certification programs
- Independent verification is not required and is inconsistent
- Non CPA assurance providers dominate (for now) the market
- No common standards for assurance/criteria
- Regulatory risk and related costs are not considered

A good reason to have an audit.....

“The accuracy of environmental and social data may be lower than that of data obtained through our financial systems”

-- Shell Oil 2010 Sustainability Report

Standards and Criteria

There is no globally accepted or required framework for sustainability

Current frameworks and standards in use:

- The Global Reporting Initiative (GRI)
 - International Integrated Reporting Committee (IIRC)
- Country specific standards (Australia, Japan, Netherlands, UK)
- Global Impact Investment Rating System (GIIRS)
- US Generally Accepted Auditing Standards (GAAS)
- International Auditing and Assurance Standards Board
- Company Criteria (Internal & External)

No framework requires attest or verification of the report

Standards and Criteria

- Company Criteria
 - Explanation of perspective, context, vision
 - Identification of key performance indicators
 - Measurable
 - Clearly understood
 - If subject matter relates to a highly technical area, third-party specialists can be utilized and then relied upon by verifier
 - Should be supported by a well-documented structure of internal controls
 - Timeliness of reporting is import

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CPA Services
Reporting & Auditing

Codes of Conduct
CSR Reports (AT 101 Attest)
GHG Reports (AT 101 Review)
Product Certifications
Registries Compliance
Consultation on Systems
Internal Controls Review