



# Social and Sustainability Auditing



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Susan Todd, Solstice Consulting



# The Triple Bottom Line view

- sustainability auditing=  
environmental+economic+social auditing  
or
- sustainability auditing>  
environmental+economic+social auditing

# What are we auditing? To what standard?

- compliance (SA 8000)
- management system (ISO ?)
- performance (various CSR codes)
- stakeholder engagement process (AA1000)
- report (AA1000, GRI)

# Social and Ethical Accounting, Auditing and Reporting

- AA1000 is the SEEAR standard developed by the Institute of Social and Ethical AccountAbility
- provides guidance for reporting companies and for auditors
- unique in the emphasis placed on stakeholder engagement
- continuous improvement model

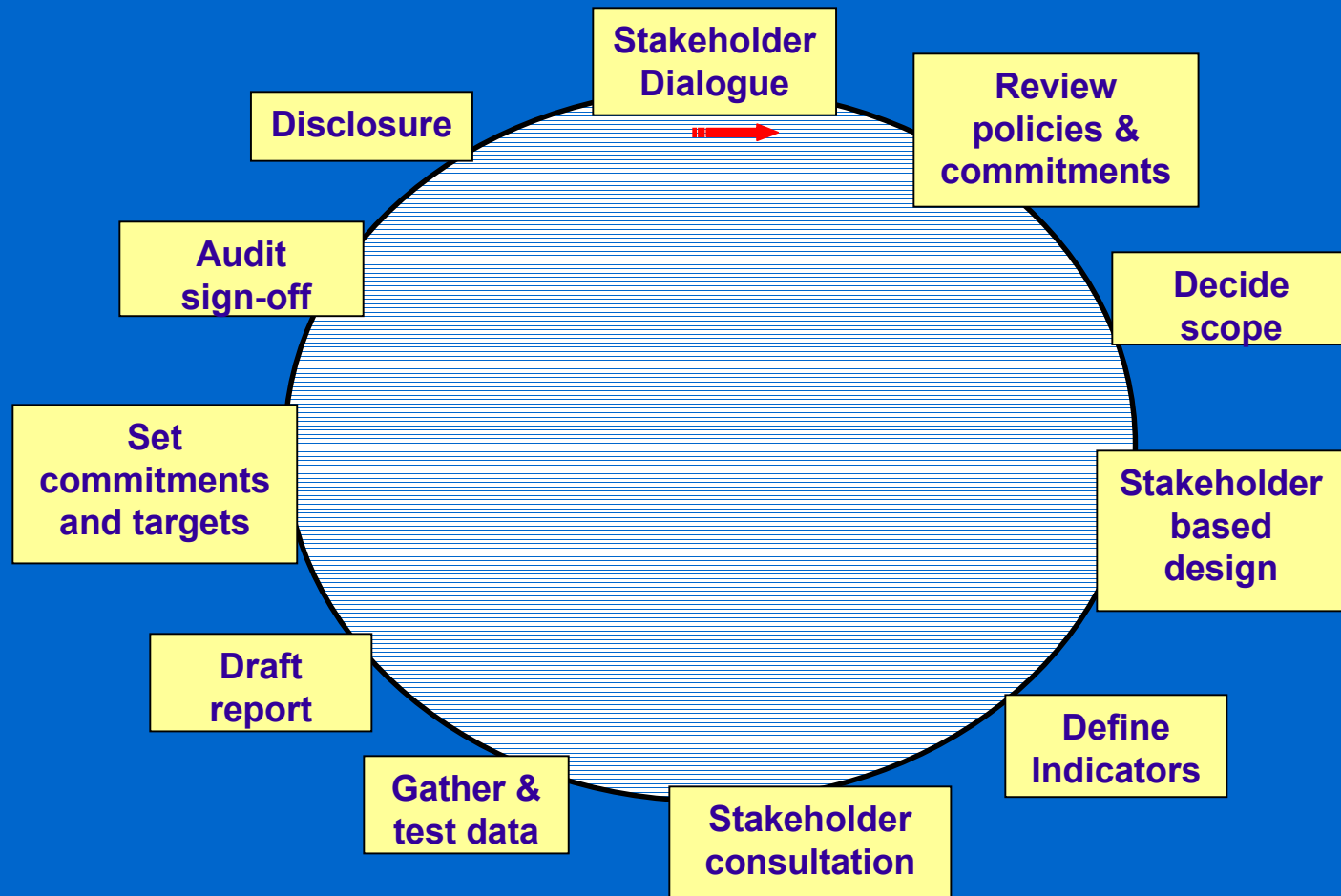
# Company wants to measure and report on its social performance

- Why?
  - improve risk management
  - enhance stakeholder relations
  - demonstrate transparency
  - maintain license to operate
  - identify opportunities
  - align performance to core values

# Auditing enhances the benefits of reporting

- Adds credibility
- Ensures quality
  - together these provide assurance to users of reports

# The SEAAR Cycle



# A Stakeholder Map





# Principles of SEAAR (1)

- Accountability
- Inclusivity
- Principles relating to the scope and nature of the organization's process
  - Completeness
  - Materiality
  - Regularity and timeliness

# Principles of SEAAAR (2)

- Principles relating to the meaningfulness of information
  - Quality assurance
  - Accessibility
  - Comparability
  - Reliability
  - Relevance
  - Understandability

# Principles of SEEAR (3)

- Principles relating to the management of the process on an ongoing basis
  - Embeddedness
  - Continuous improvement

# Key audit questions in planning and accounting stages

- Have the scope and issues been selected to meet the principles of inclusivity and completeness?
- Have stakeholders been meaningfully engaged in the process?
- Do the indicators selected reflect the interests of stakeholders and meet tests of information quality?

# Key audit questions in reporting stage

- Is performance indicator data reliable?
- Is performance data provided with appropriate context?
- Is there evidence of responsiveness to stakeholder engagement?
- Is the report a reasonable reflection of the social performance of the organization?

# Future directions for social auditing

- greater integration with other dimensions of sustainability
- layering of verification approaches
- more emphasis on organizational learning
- continued challenges to organizational boundaries
- better use of impact assessment and evaluation frameworks

# Solstice Consulting

- sustainability consulting and social auditing
- email: [susantodd@home.com](mailto:susantodd@home.com)
- phone: 604-444-2080
- 1606 Maplehurst Circle, Burnaby, V5A 3Z1