

# **Corporate Sustainability Reporting in Canada: The Role of Verification & Assurance**

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# Presentation Overview

- Benchmark survey objectives
- Snapshot of reporting in Canada
- Report verification & assurance
  - Why verify a sustainability report?
  - Types of verification
  - Who's currently doing it?
  - Is it adding value?
- Future directions

# Benchmark Survey Objectives

- Benchmark & assess current Canadian reports against
  - emerging international norms
  - evolving international reporting practices
- Identify emerging trends & best practices
- Analyse practice & progress on key issues for effective reporting
  - verification & assurance is one of these issues

# 2003 Benchmark Survey Sponsors

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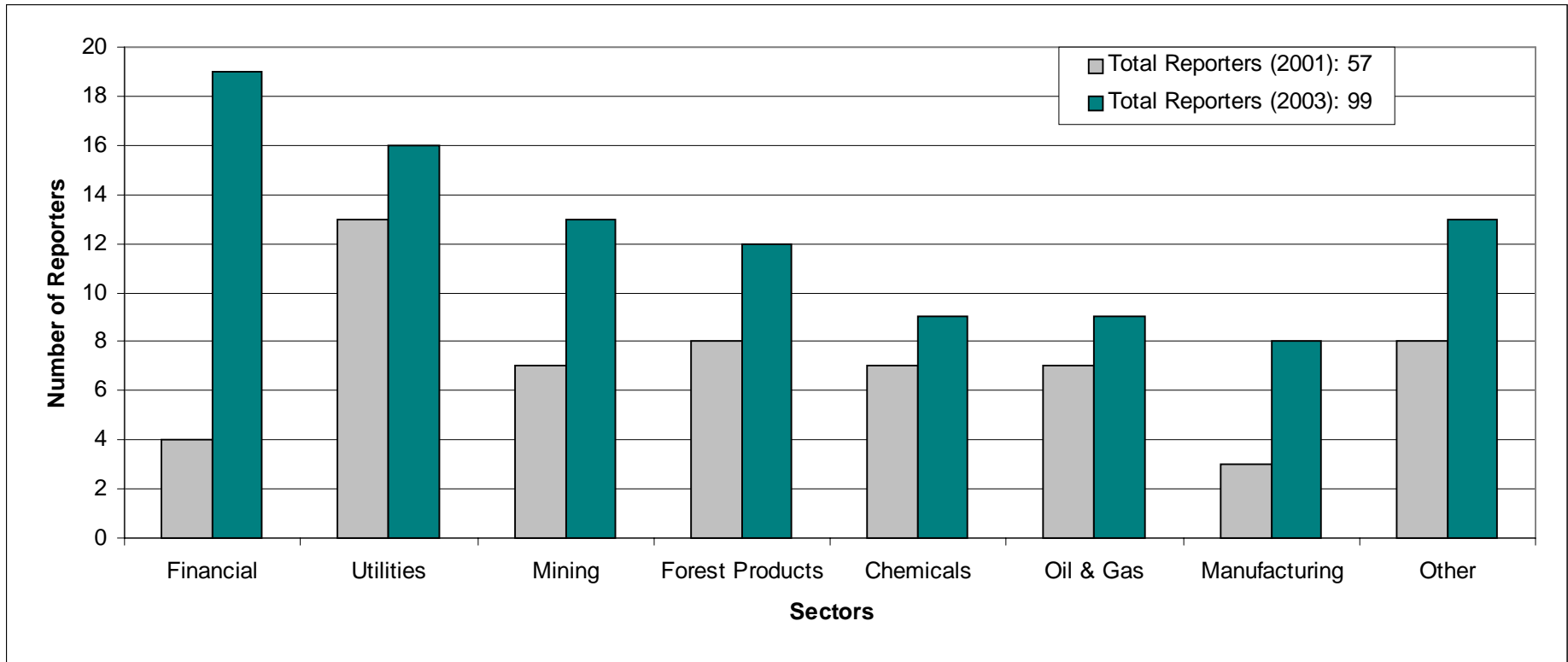
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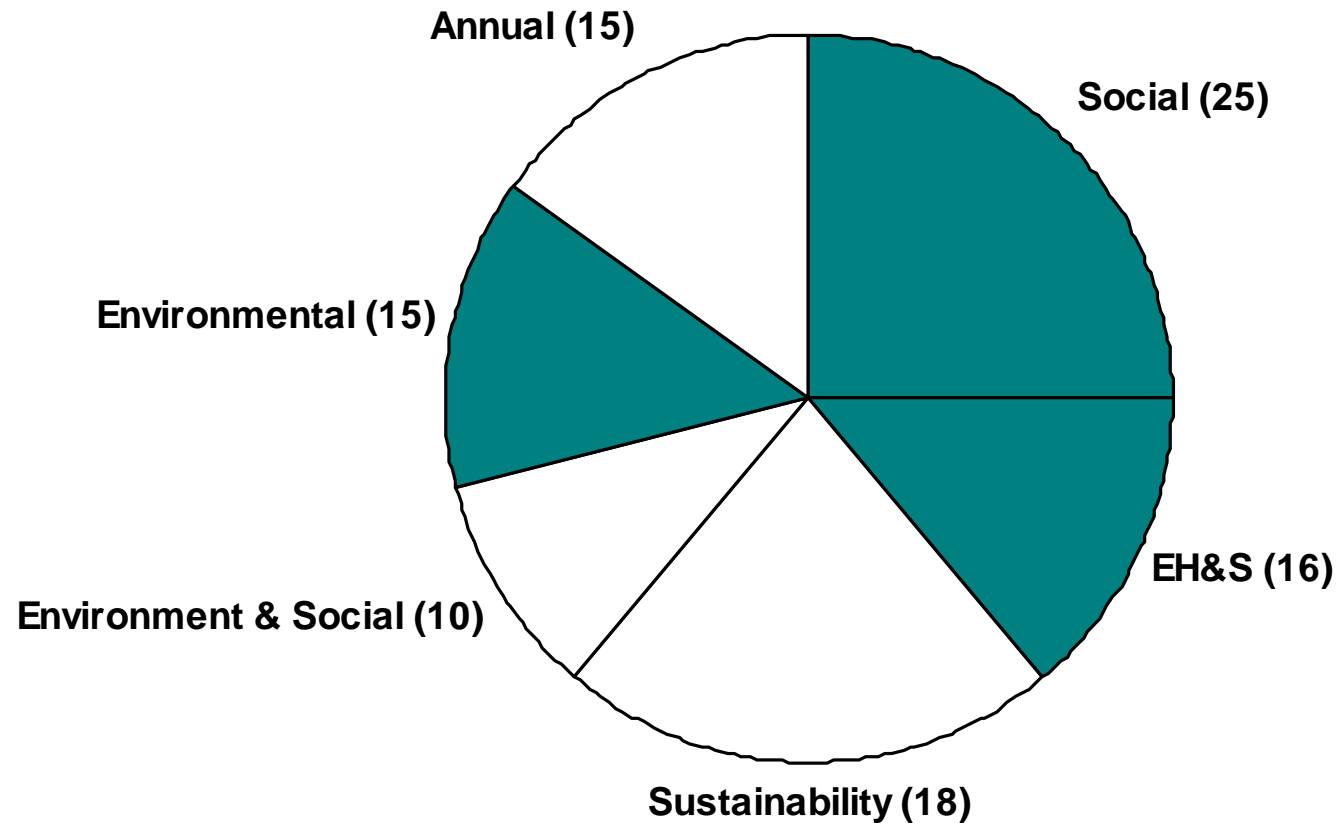
# Snapshot of Reporting Trends in Canada

- Currently 100 “sustainability” reporters
  - Up from 57 in 2001; & 79 in 2002
- Includes Canadian companies & international companies that provide information on their Canadian operations
- Includes stand-alone reports or annual reports with > 5 pages of sustainability information & performance data

# Sector Distribution Over Time



# Report Type (by title)



# Detailed Assessment

- We reviewed:
  - 35 “Canadian” reports in detail
  - 5 international reports identified as “Best in Class”
- Assessed issues coverage & quality of information using a methodology which draws on the GRI



# Why Verify a Sustainability Report?

Reputation = Performance + Credible Communication

- Companies can employ a range of mechanisms to enhance the credibility of their report, such as:
  - Honest, balanced reporting (“warts & all”)
  - Providing explanations & realistic commitments
  - Tackling the tough issues
  - Including stakeholder comments or review statements
  - Having third party verification of the report

# Use of Verification

## *Verification and assurance is on the rise*

- 9/35 Canadian reporters used some form of verification or assurance
- All 5 “best in class” international reports used external verification

# Types of Verification

## Testimonial

**Dofasco  
Dow Canada  
(site reports)**

## Data & Information Accuracy & Management

**Hydro-Québec  
Iron Ore Company  
OPG  
Stora Enso  
Suncor  
Talisman**

## Completeness, Relevance & Accuracy

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# Types of Verification

- Data & Information Accuracy & Management
  - All data or a specific sub-set
  - Data only or supporting information as well
  - Use of symbols to identify what has been verified
- Experimentation includes verification of:
  - Report completeness, materiality & responsiveness (test driving AA1000)
  - Performance on specific issues, campaigns, or case studies
  - Multiple forms of verification for one report

# Who is verifying these reports?

- Data & information accuracy audits:
  - The “Big Four”
  - One engineering firm
- Completeness, materiality audits:
  - Social auditors (independents)

# Is Verification Adding Value?

- Internally – YES!
- Externally – the jury is still out.
  - Stakeholder needs & expectations are not adequately understood
  - There is a need for pointed stakeholder dialogue & engagement
  - Role of stakeholders in verification needs further exploration & consideration

# Future Directions

- Recognized standards for these types of assurance engagements
- Continued experimentation informed by stakeholder dialogue
- Multi-stakeholder verification teams?

The 2003 Benchmark Survey Report will be available for download in late November 2003:

[www.stratos-sts.com](http://www.stratos-sts.com)

We look forward to your feedback!