

These notes are designed to support and extend the business scenario tasks available at the end of chapters 5, 10, 12, and 20 within the Pearson e-textbook, for instructors to use these activities in their teaching or group work.

Chapter 5

Activity: Designing a sustainable business model

Please note: The students may have already completed the Phase 1 task linked to this activity as detailed in the Interactive eText. This is the second task of the activity.

Background

You are Alex Taylor, an aspiring entrepreneur aiming to launch a sustainable business that seeks to attract venture capital funding. Your innovative idea involves a new take on circular economy principles for the fashion industry: a subscription-based clothing rental service using recycled and durable materials, paired with a repair and refurbishing programme to extend garment life. To secure funding, you need to develop a comprehensive business plan that emphasizes sustainability, profitability, and scalability.

Venture capitalists are interested in how your business model compares to traditional fast fashion models and its potential to scale while maintaining sustainability. They expect a clear demonstration of how your business delivers value to society and generates revenue.

Phase 2: Responding to investor concerns

Task: Prepare a document addressing potential questions from venture capitalists. Focus on:

- **Scalability.** How can your business model scale without compromising its sustainability principles?
- **Competitive differentiation.** What sets your business apart from competitors, both sustainable and traditional?
- **Profitability.** How will you balance sustainability with financial returns?
- **Risk mitigation.** What are the key risks (e.g., market acceptance, supply chain) and how will you address them?

Deliverable: A briefing document (one to two pages) summarizing your responses and including examples from companies that have successfully implemented similar models.

Complete materials for students for phase 2

1. Investor questions

Below are questions that venture capitalists may ask, reflecting typical concerns about the feasibility and impact of your business model:

1. **Scalability**
 - How will your business expand into new markets while maintaining sustainable practices?

- What logistics or technology solutions will support large-scale operations?
- 2. **Competitive differentiation**
 - Why will customers choose your service over traditional fast fashion or other sustainable brands?
 - What unique partnerships or innovations set your business apart?
- 3. **Profitability**
 - How will you ensure the business remains financially viable while prioritizing sustainability?
 - Are there plans to optimize costs without compromising on ethical or environmental principles?
- 4. **Risk mitigation**
 - What risks (e.g., supply chain disruptions, changing consumer preferences) do you anticipate, and how will you manage them?
 - How will you prevent rebound effects (e.g., overconsumption due to affordable rental prices)?

Instructor resources

1. Scenario overview

Scenario summary. As instructor, you play the role of an impact investor evaluating a pitch from entrepreneurs. Your task is to assess the business model's feasibility, scalability, and profitability while aligning with your firm's focus on sustainable investments. You will listen to the pitch, review the proposal, and engage in a Q&A session. Use the provided guiding questions to challenge the entrepreneur's assumptions and test the robustness of their business model.

Key evaluation criteria. As an investor, your primary concerns are:

- **Value proposition.** Does the business address a real market need and create tangible benefits for society and the environment?
- **Scalability.** Can the business grow profitably across different markets and demographics?
- **Competitive differentiation.** What sets this business apart in a crowded market?
- **Risk assessment.** Are the potential risks manageable, and is there a plan to address them?

2. Detailed questions for entrepreneurs (aka students)

Use these questions (or others) to probe the entrepreneur's business plan and assess its viability:

1. Market and customer segments

- Who is your target market, and how have you validated demand for your product/service?
- How do you plan to attract and retain customers in a highly competitive industry?

2. **Business model and value capture**
 - How does your pricing model work (e.g., subscription fees, premium services), and what are the projected margins?
 - How does your business achieve profitability while maintaining sustainability goals?
 3. **Operations and scalability**
 - What infrastructure is in place to manage inventory, logistics, and garment lifecycle (e.g., repairs, recycling)?
 - How will you handle scaling up operations while ensuring minimal environmental impact?
 4. **Competitive landscape**
 - Who are your main competitors, and how do you differentiate your business from theirs?
 - What barriers to entry exist, and how do you plan to maintain a competitive edge?
 5. **Risk and sustainability impact**
 - What are the biggest risks to your business model (e.g., supply chain issues, rebound effects), and how do you plan to address them?
 - How do you measure and ensure the environmental and social impact of your operations?
 6. **Financial projections (depending how far you want to push this task for the students)**
 - What are your revenue and profit projections for the first five years?
 - What is the required investment, and how will it be allocated across key areas?
3. **Scoring rubric for investment decision**
 1. **Value proposition (20%)**
 - Clarity of the societal and environmental issue being addressed.
 - Alignment with customer needs and market demand.
 2. **Business model robustness (25%)**
 - Feasibility of value creation, delivery, and capture mechanisms.
 - Clear and logical revenue generation strategy.
 3. **Scalability (20%)**
 - Evidence of a scalable operational model.
 - Viability of expanding into new markets while maintaining sustainability.

4. **Competitive positioning (15%)**

- Differentiation from competitors.
- Ability to create a defensible market position.

5. **Risk mitigation (10%)**

- Awareness of potential risks and effective strategies for mitigation.
- Realistic assessment of challenges and solutions.

6. **Sustainability impact (10%)**

- Measurability and credibility of sustainability claims.
- Contribution to broader environmental and social goals.

After evaluating the proposal and entrepreneur's responses, you could make a final decision:

- **Invest:** high confidence in business model viability and sustainability impact.
- **Decline:** significant doubts about feasibility or alignment with investment goals.
- **Conditional invest:** proceed with specific conditions (e.g., additional data or revised projections).

Chapter 10

Activity: Launching a sustainability-focused investment fund

Please note: The students may have already completed the Phase 1 task linked to this activity as detailed in the Interactive eText. This is the second task of the activity.

Background

You are the Vice President of Asset Management at GreenLoom Private Bank. Your task is to assist in the launch of a sustainability-focused investment fund by defining criteria and analyzing approaches, balancing the “magic triangle” of investment – profitability, risk, and liquidity – together with sustainability as the fourth criterion in sustainable finance.

Specifically, the CEO, Ms Angela Hartmann, has tasked you with two interconnected responsibilities:

1. Proposing suitable criteria for a sustainability-focused fund.
2. Analysing the trade-offs between different approaches to sustainable investing.

Phase 2: Evaluating investment approaches

Task for students: Prepare a briefing document outlining the pros and cons of different sustainable investment approaches using the following criteria:

1. Efforts needed to identify suitable investment objects.
2. Certainty to contribute to sustainable development.
3. General financial risks and opportunities.

Deliverable: A briefing document (one to two pages) for the CEO:

- Summarizing the strengths and weaknesses of the approaches.
- Recommending a preferred approach (or mix of approaches) for the fund.
- Anticipating and responding to the CEO’s questions.

Complete materials for students

Phase 2 – Supporting documents:

CEO's questions

As the Vice President of Asset Management, you anticipate these questions from the CEO during the meeting. Your briefing should address these points:

1. **Efforts needed:**
 - What level of effort and resources (e.g., staffing, research) will our bank need to commit to identifying and monitoring suitable investments for this fund?
 - Are there particular tools or partnerships we should consider for due diligence?
2. **Certainty of impact:**
 - How can we ensure that our investments make a meaningful and measurable contribution to sustainable development, rather than merely appearing sustainable (greenwashing)?
3. **Balancing risk and opportunity:**
 - How do we balance the financial risks associated with sustainability-focused investments with the potential long-term benefits, both reputationally and financially?
4. **Client expectations:**
 - How do we ensure our fund aligns with the preferences and expectations of our diverse client base?
 - How will we communicate the benefits and trade-offs of our chosen approach to clients?
5. **Competitive positioning:**
 - How does the proposed strategy position our bank in the competitive market of sustainable investing?
 - Can we differentiate ourselves from larger institutions already active in this space?

Exemplary investment cases

Investment case 1: Solar Ltd

Industry: Renewable energy – solar panel manufacturing.

Investment approach compatibility: negative screening (potentially), sustainability-themed investments, best-in-class (potentially).

Overview: Solar Ltd is a rapidly growing solar panel manufacturer focused on producing affordable, efficient panels for emerging markets. Their operations align closely with the UN SDGs, particularly Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action). However, they operate in regions with high political and economic instability, increasing financial risks.

- **Sustainability score:** high (90/100 based on ESG metrics).
- **Profitability:** moderate to high potential; projected 7% annual ROI over five years.
- **Risks:** high political risk, reliance on government subsidies, and supply chain vulnerabilities.
- **Certainty of contribution to sustainable development:** high.

Investment case 2: Ecocloth Corp.

Industry: Sustainable apparel.

Investment approach compatibility: negative screening (potentially), sustainability-themed investments, impact investing (potentially).

Overview: Ecocloth Corp. is a startup that focuses on producing eco-friendly clothing using biodegradable materials and ethical labour practices. Their mission is also to improve the lives of vulnerable population groups in the global south. Their operations emphasize transparency, and their supply chain has received several sustainability certifications. They aim to reduce textile waste and carbon emissions in the fashion industry.

- **Sustainability score:** no score, yet.
- **Profitability:** moderate; projected 5% annual ROI over five years, but with high customer loyalty and brand value.
- **Risks:** lower compared to GreenBuild but limited scalability and high production costs.
- **Certainty of contribution to sustainable development:** moderate to high.

Investment case 3: Pafo Inc.

Industry: Packaged foods.

Investment approach compatibility: best-in-class approach (potentially), negative screening (potentially).

Overview: Pafo Inc. is a major player in the packaged foods industry, offering a wide range of products, from ready-to-eat meals to snacks. In recent years, the company has pivoted towards more sustainable practices, including sourcing ingredients from certified organic farms, reducing packaging waste by 40%, and committing to net-zero carbon emissions by 2040. Pafo Inc. has also implemented robust social programmes, such as fair wages and partnerships with local communities.

- **Sustainability score:** high (85/100 based on ESG metrics).

- **Profitability:** strong; projected 8% ROI annually due to market dominance and consumer preference for sustainable brands.
- **Risks:** low to moderate; minimal regulatory concerns but higher production costs compared with competitors.
- **Certainty of contribution to sustainable development:** moderate; while core products aren't inherently sustainable, operational practices and supply chain improvements align with SDGs 12 (Responsible Consumption and Production) and 8 (Decent Work and Economic Growth).

Investment case 4: New Construction Co.

Industry: Construction and real estate.

Investment approach compatibility: best-in-class approach (potentially), negative screening (potentially), sustainability themed investments.

Overview: New Construction Co. specializes in commercial and residential construction projects, with a focus on green buildings. While their core business is traditional construction, the company integrates advanced sustainable practices, such as using recycled materials, energy-efficient designs, and water-saving technologies. New Construction Co. is a member of the Green Building Council and has received multiple certifications for its eco-friendly projects.

- **Sustainability score:** moderate to high (80/100 based on ESG metrics).
- **Profitability:** high; projected 10% ROI annually due to strong demand for sustainable construction in urban markets.
- **Risks:** moderate; the industry is cyclical and highly sensitive to economic downturns.
- **Certainty of contribution to sustainable development:** moderate to high; directly contributes to SDGs 9 (Industry, Innovation, and Infrastructure) and 11 (Sustainable Cities and Communities).

Investment case 5: ElecM Systems

Industry: Consumer electronics.

Investment approach compatibility: negative screening, best-in-class approach (potentially).

Overview: ElecM Systems is a multinational electronics manufacturer producing everyday consumer products such as smartphones, laptops, and home appliances. The company has a robust sustainability agenda, including sourcing conflict-free minerals, using 50% recycled materials in product manufacturing, and operating carbon-neutral production facilities. ElecM Systems has also committed to extending the life cycle of its products through modular design and repair-friendly policies.

- **Sustainability score:** moderate (70/100 based on ESG metrics).
- **Profitability:** strong; projected 9% ROI annually, supported by a loyal customer base and premium pricing for environmentally conscious consumers.

- **Risks:** moderate; potential supply chain disruptions and vulnerability to shifting technology trends.
- **Certainty of contribution to sustainable development:** moderate; aligns with SDGs 12 (Responsible Consumption and Production) and 13 (Climate Action) through innovative manufacturing and life cycle policies.

Instructor resources

Branching decisions

1. Phase 1 decision impact:

If students propose overly restrictive criteria (e.g., only investing in low-risk, highly profitable ventures), the CEO may respond with concerns about missing true sustainability opportunities. Conversely, if they prioritize high-impact sustainability investments without considering profitability, the CEO may express concerns about client retention and financial risk.

2. Phase 2 decision impact:

The recommendation of a single approach versus a diversified strategy will influence the CEO's response. For instance, overly ambitious recommendations (e.g., full-impact investing with no screening) may result in the CEO questioning feasibility.

Model answers

Phase 1: Criteria example

- Investments must align with at least two of the 17 UN SDGs.
- Minimum ESG score threshold (e.g., top 25% in industry).
- Potential for a 5% annual return over three years.
- Diversified sector exposure to mitigate risk.

Phase 2: Approaches analysis example

- **Negative screening:** low effort; reduces reputational risk but may miss opportunities for high-impact investments.
- **Best-in-class:** balanced approach; moderate effort; impact unclear.
- **Thematic investing:** high alignment with sustainability; moderate to high financial risk; effort varies by theme; limited financial diversification can increase risk
- **Impact investing:** certainty of contributing to sustainability; high effort (monitoring impact); higher financial risk, but strong differentiation.

Grading rubric

1. **Clarity and structure of deliverables (20%)**
 - Organized, professional, and audience-appropriate.
2. **Application of ‘magic triangle (+sustainability)’ (30%)**
 - Clear integration of profitability, risk, and liquidity considerations together with sustainability focus.
3. **Depth of analysis (30%)**
 - Demonstrates critical thinking in evaluating trade-offs and implications.
4. **Creativity and feasibility (20%)**
 - Innovative yet realistic criteria and recommendations.

Chapter 12

Activity: Enhancing sustainable behaviour at work

Please note: The students may have already completed the Phase 1 task linked to this activity as detailed in the Interactive eText. These are the next two tasks of the activity.

Background

You are a newly appointed sustainability officer at EcoHearth Inc., a mid-sized manufacturing company with approximately 300 employees. The company recently announced ambitious sustainability goals, including achieving carbon neutrality by 2035, reducing waste by 50% by 2030, and fostering a workplace culture rooted in sustainability.

The Human Resources (HR) department has partnered with your team to embed sustainable practices into daily operations and employee behaviour. Your task is to design, implement, and evaluate activities that foster sustainable behaviour at work across four categories: avoiding harm or conserving, transforming, influencing others, and taking initiative.

Scenario

EcoHearth Inc. is facing challenges in aligning employees' behaviours with its sustainability goals. Internal surveys suggest that while employees are generally aware of environmental issues, they lack clear guidance and incentives to act. Some employees are proactive, suggesting innovative ideas, while others resist change due to perceived inconvenience or lack of personal relevance.

Phase 2: Evaluate effectiveness

1. Use provided documents, including employee feedback surveys, internal policy memos, and budget constraints, to evaluate the proposed activities.
2. Identify potential barriers to implementation.
3. Recommend strategies to overcome these barriers and ensure long-term effectiveness.

Deliverable: An evaluation report highlighting the feasibility, potential impact, and limitations of your proposals.

Phase 3: Decision-making and strategy refinement

1. Participate in a simulated team meeting:
 - Defend your proposed activities.
 - Respond to critical feedback from fictional stakeholders (e.g., HR, employees, executives).
2. Make real-time decisions to refine your strategy based on feedback.

Deliverable: A summary of revised activities and a justification for changes made during the simulation.

Complete materials for students (for Phase 2; distribute after Phase 1 task is completed)

1. Employee feedback survey results

Summary of findings

The survey was conducted among EcoHearth employees to understand their awareness, motivation, and perceived barriers regarding sustainability initiatives at work.

Question	Responses (%)
Are you aware of the company's sustainability goals?	Yes: 70%, no: 30%
Would you participate in sustainability programmes?	Yes: 50%, no: 20%, unsure: 30%
What prevents you from engaging in sustainability efforts?	Lack of time: 40%, unclear benefits: 30%, lack of resources: 20%, no interest: 10%

Qualitative feedback highlights

- **Positive comments:**
 - “I’d love to contribute more, but I need clearer instructions on what to do.”
 - “It’s great that the company is focusing on sustainability; it makes me feel proud to work here.”
- **Critical comments:**
 - “Sustainability goals are too abstract – I don’t see how I can make a difference.”
 - “The workload is already heavy; I can’t add another responsibility to my day.”

2. Company policy excerpts

EcoHearth sustainability policies and benefits (prior to your suggestions in Phase 1)

- **Recycling and waste segregation:**
 - Employees are required to segregate waste into recyclable and non-recyclable bins provided on-site.
 - Monthly reports on waste reduction progress are shared company-wide.
- **Paid time for volunteering:**
 - Employees can take up to two paid days per year for participating in community sustainability projects approved by the company.

- **Incentive programmes:**
 - Teams that demonstrate measurable improvements in their department's sustainability performance can earn a bonus of up to \$500.
- **Green office policy:**
 - Use energy-efficient equipment and ensure lights are turned off in unused areas.
 - Double-sided printing is mandatory unless otherwise required.

3. Budget memo

From: EcoHearth Finance Department

To: Sustainability and HR teams

Subject: Annual sustainability budget allocation

Dear Team,

The annual budget for sustainability initiatives at EcoHearth is **\$50,000**, divided as follows:

Category	Allocation (\$)
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Operations and infrastructure	\$30,000
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Employee-focused initiatives	\$20,000
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Please ensure all new proposals align with these financial constraints.

Sincerely,

[Finance Director]

4. Sample email chain

Subject: Concerns about sustainability initiatives

From: Department Manager

To: Sustainability and HR teams

Email 1: Department Manager to Sustainability Team

Hi Team,

I'm concerned about how we can balance workload with the new sustainability initiatives. Employees already feel stretched thin, and adding more responsibilities might reduce productivity.

I'd suggest starting with smaller activities that require minimal effort, like encouraging energy conservation, before rolling out larger programmes.

Best,

[Manager name]

Email 2: Sustainability Team to HR

Hi [HR Manager],

Thanks for the feedback from [Department Manager]. We agree that overloading employees is a risk. One idea we're considering is to integrate sustainability tasks into existing workflows rather than adding them as separate responsibilities. For example, we could:

- embed sustainability metrics into existing performance reviews;

- offer quick-win activities, like a “Switch-Off Campaign” for unused electronics.

Let us know if you have additional suggestions for balancing these priorities.

Regards,
[Sustainability Officer]

Email 3: HR to Sustainability Team

Hi [Sustainability Officer],

Your approach makes sense. We could also consider spotlighting employees who model sustainable behaviour, which might inspire others without adding extra pressure.

Let's meet next week to finalize the first round of initiatives.

Best,
[HR Manager]

Instructor resources

Exemplary answers

1. **Proposed activities:**

- **Avoiding harm or conserving:** a campaign to reduce paper usage and energy waste, with quarterly progress updates.
- **Transforming:** introducing sustainable materials in the production process.
- **Influencing others:** peer-led workshops on personal carbon footprint reduction.
- **Taking initiative:** an employee innovation competition with rewards for the best sustainable idea.

2. **Key barriers and mitigations:**

- Barrier: “lack of time.” Mitigation: flexible scheduling for participation.
- Barrier: “unclear benefits.” Mitigation: communicate success stories and measurable impacts.

3. **Impact analysis:**

- Raised awareness by 20% through targeted campaigns.
- Reduced paper usage by 15% within the first six months.

Grading rubric

1. **Activity design (30%):**

- Creativity and alignment with behaviour categories.
- Feasibility within budget and policy constraints.

2. **Impact analysis (30%):**
 - Logical connections between activities and behaviour change.
 - Depth of evaluation.
3. **Adaptability and decision-making (20%):**
 - Responsiveness to feedback.
 - Justifications for changes in strategy.
4. **Presentation and clarity (20%):**
 - Professional language and structured arguments.

Chapter 20

Activity: External assurance on sustainability reporting

Please note: The students may have already completed the Phase 1 task linked to this activity as detailed in the Interactive eText. This is the second task of the activity.

Background

You are Sydney Schneider, a sustainability expert working at Assurance Professionals, a multinational assurance company. Your company was hired by GreenF Corporation, a renewable energy company, to provide assurance on their most recent sustainability report. This report is an important document for GreenF's stakeholders, including investors, NGOs, and local communities. It demonstrates the company's commitment to environmental and social performance.

GreenF has asked you team for assurance on the following areas:

1. Greenhouse gas (GHG) emissions (Scope 1, Scope 2, and offsets).
2. Renewable energy usage.
3. Community investment initiatives.

When working with the company, you've noticed potential inconsistencies in the provided data, as well as internal communication suggesting ethical challenges. Your task is to ensure the credibility, accuracy, and truthful representation of the report, while adhering to professional assurance standards like ISAE 3000.

What to Do

1. **Review the materials:** Analyze the provided documents, including:
 - The engagement letter.
 - Initial client briefing note.
 - Sustainability data summary.
 - Internal email communications.
 - Excerpt from assurance standards (ISAE 3000).
2. **Evaluate and decide:**
 - Identify and document any inconsistencies, data gaps, or ethical concerns.
 - Decide how to address these issues in your assurance process.
3. **Draft an audit report to the management board that also provides recommendations:**
 - Summarize the key issues identified and provide justifications for decisions made during the assurance process
 - Suggest steps GreenF should take to improve its reporting process for the future.

Deliverable

Audit report to the management board, including a brief written explanation of:

- Key issues identified.
- Justifications for decisions made during the assurance process.
- Recommendation to improve the reporting process.

Complete materials for students

1. Engagement letter

Subject: Engagement for external assurance on sustainability reporting

Dear Sydney Schneider,

GreenF Corporation has engaged Assurance Professionals to provide limited assurance on selected KPIs of our recent sustainability report.

Scope: The assurance engagement will focus on:

- Greenhouse gas (GHG) emissions (Scope 1, Scope 2, and offsets).
- Renewable energy usage.
- Community investment initiatives.

Our sustainability report is a critical component of our stakeholder engagement strategy, and we are committed to demonstrating transparency. However, we are facing challenges in finalizing some of the data, particularly related to carbon offsets.

We expect the engagement to be conducted in accordance with ISAE 3000.

Sincerely,
[GreenF Sustainability Manager]

2. Initial client briefing note

GreenF Corporation – sustainability overview

- **Industry:** Renewable energy.
- **Sustainability report format:** separate report published on the website of GreenF
- **Reporting framework:** report with reference to the GRI Standards
- **Reporting priorities:** stakeholder trust, climate leadership, and community impact.
- **Stakeholder concerns:**
 - NGOs have raised questions about the validity of our carbon offset claims.
 - Investors expect measurable reductions in GHG emissions.
 - Local communities are questioning the allocation of community investment funds.

3. Sustainability data summary

Indicator	Reported value	Evidence/notes collected by Sydney Schneider and team
Direct carbon emissions from own operations	12,500 tons CO _{2eq}	Consistent with prior year; audit log provided
GHG emissions from purchased electricity	97,500 tons CO _{2eq}	Consistent with prior year; audit log provided
Carbon offsets	5,000 tons CO _{2eq}	Documentation incomplete; project verification pending
Renewable energy usage	75%	Internal reports support only 60%; discrepancy noted in prior communication
community investments	\$1.2m	\$0.5M allocated but no evidence of spending on approved programmes

4. Internal email chain

Subject: Data for carbon offsets

Email 1 (Sustainability Analyst to Sustainability Manager):

Hi [Manager],

We're still missing verification for the carbon offset projects. If we don't get it soon, we may have to revise our reported figures.

Best,
[Analyst]

Email 2 (Sustainability Manager to CFO):

Hi [CFO],

The offset verification is delayed, but I've instructed the team to use the preliminary numbers. This keeps us aligned with the targets we communicated externally.

Thanks,
[Manager]

5. Confidential email

Subject: Re: Finalizing the sustainability report

Hi Team,

Senior leadership has decided that we cannot hold up publication for data inconsistencies. Ensure any qualifications in the assurance statement are minimal to avoid investor concern.

Best,
[Executive Team]

6. Excerpt from ISAE 3000

The criteria that the practitioner expects to be applied in the preparation of the subject matter information are suitable for the engagement circumstances, including that they exhibit the following characteristics:

Relevance: Relevant criteria result in subject matter information that assists decision-making by the intended users.

Completeness: Criteria are complete when subject matter information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter information. Complete criteria include, where relevant, benchmarks for presentation and disclosure.

Reliability: Reliable criteria allow reasonably consistent measurement or evaluation of the underlying subject matter, including, where relevant, presentation and disclosure, when used in similar circumstances by different practitioners.

Neutrality: Neutral criteria result in subject matter information that is free from bias as appropriate in the engagement circumstances.

Understandability: Understandable criteria result in subject matter information that can be understood by the intended users.

7. Template for an audit report to the management board

Assurance Professionals

Confidential report to the management board of GreenF Corporation

Subject: Recommendations for improving sustainability reporting processes

Date: [insert date]

Prepared by: Sydney Schneider

Client contact: [GreenF Sustainability Manager]

Introduction

[Briefly describe the purpose of the report. Mention the key objectives of improving sustainability reporting based on the findings of the assurance process.]

Key findings from the assurance process

[Summarize any inconsistencies identified in the data, such as missing or incomplete evidence; areas where documentation was insufficient or unclear; ethical concerns identified.]

Recommendations

Data collection and verification

[Provide specific recommendations for improving the collection, verification, and validation of sustainability data.]

- Example: Enhance data verification protocols by...
- Example: Implement standardized tools for data collection, such as...

Transparency and ethical practices

[Suggest ways to ensure greater transparency and ethical adherence in reporting.]

- Example: Develop a transparency policy that includes...
- Example: Strengthen internal oversight by...

Stakeholder engagement

[Describe actions to improve stakeholder involvement in the reporting process.]

- Example: Engage external stakeholders through...
- Example: Provide detailed communication on community investments by...

Training and capacity building

[Outline how the client can upskill its team for improved reporting practices.]

- Example: Offer training programs focused on...
- Example: Align employee skills with international reporting standards such as...

Long-term strategic considerations

[Suggest strategic actions to sustain and improve reporting over the long term, if applicable.]

- Example: Create a multi-year sustainability assurance roadmap to...
- Example: Integrate reporting goals with corporate strategy by...

Sydney Schneider

Sustainability Expert

Assurance Professionals

Instructor resources

Grading rubric

1. **Engagement scope (10%):**
 - Identifies level of assurance (limited vs. reasonable) from the task.
2. **Data analysis (10%):**
 - Accurately identifies key issues and inconsistencies.
 - Justifies requests for additional evidence or modifications.
3. **Ethical considerations (10%):**
 - Demonstrates understanding of ethical principles.
 - Handles ethical dilemmas with professionalism and transparency.
4. **Assurance statement (40%):**
 - Concise, clear, and professional language.
 - Appropriately addresses findings and limitations.
5. **Audit report to the management board that also provides recommendations (30%):**
 - Summarize the key issues identified and provide justifications for decisions made during the assurance process
 - Offers actionable suggestions for improving future reports.