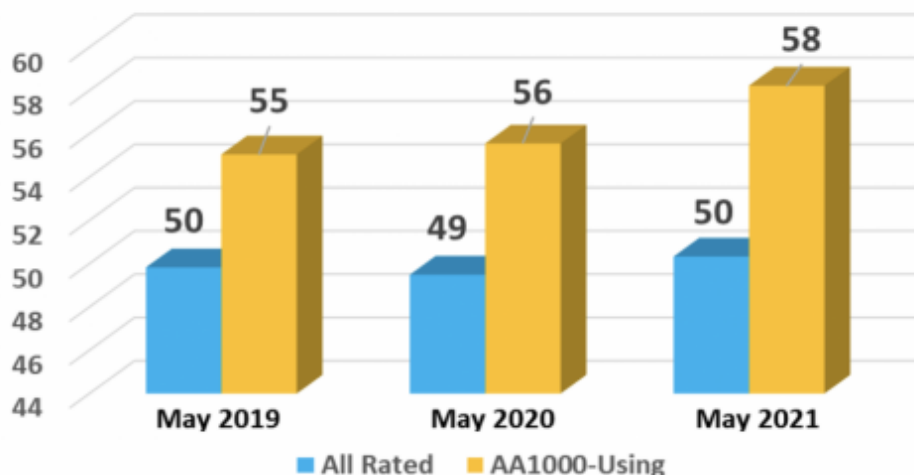


Does AA1000 Assurance Have an Effect on Perceived Sustainability Performance?

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Average Overall CSRHub Rating for Companies that Used **AA1000AS** in 2019 Further Exceeded the Average Rating for All Rated Companies



Many companies spend time and money trying to make sure that the ESG data they report has been properly collected and communicated. One system that supports this is the AA1000 Assurance standard. While the standard itself is published as a “free good,” many of the consultants and accountants who use the standard have been trained by AccountAbility—the group that maintains and publishes the standard.

We recently reviewed a list of entities who during 2019 had some or all of their ESG data assured using the AA1000 approach. 313 of these companies, associations, and not-for-profit entities had entries in CSRHub’s rating system and 195 of them were fully rated through the 2018-2021 period.

The chart shows the average overall ratings for these 195 companies from May 2019 to May 2021. Assured data from a 2019 reporting cycle would normally be released in the first half of 2020. By May of 2021, the average rating for the companies that had assured their data had risen several points.

The average rating for these companies before the assurance cycle was already well above the average for all the companies we track. The increase in separation put the

AA1000-using companies into an elite group. ESG ratings have a strong central tendency. A move from a rating of 55 to a rating of 58 would jump a company from the 70th percentile to the 80th percentile. The improvement in overall rating was driven by a small improvement in Governance scores, a bigger improvement in Environment scores, and bigger gains in our two Social scores—Employees and Community.

Companies that used AA1000 also saw a rise in the average number of sources who followed them—from 19.8 sources to 23.5 sources. We have examined the statistics behind these changes and estimate that there is a less than 0.01% chance that they are due to random chance. Companies that included AA1000 assurance in their sustainability programs both gained points in all the areas that CSRHub tracks and appeared to increase interest in their sustainability message.

The decision to use assurance on ESG data generally comes from the top level of a company's management. It costs money and takes time for an outside assurer to review a company's data. Our data suggests that this commitment influences how expert ESG ratings sources view a company.

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About CSRHub CSRHub offers one of the world's broadest and most consistent set of Environment, Social, and Governance (ESG) ratings, covering 20,000 companies. Its Big Data algorithm combines millions of data points on ESG performance from hundreds of sources, including leading ESG analyst raters, to produce consensus scores on all aspects of corporate social responsibility and sustainability. CSRHub ratings can be used to drive corporate, investor and consumer decisions. For more information, visit www.CSRHub.com. CSRHub is a B Corporation.

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