

"Unless the accountancy profession embraces sustainability, we will become less and less relevant to society."

Nick Shepherd: President, EduVision



Defining Sustainability Broadly

- Economic, environmental and social viability and performance, covering a range of issues:
 - Ethical responsibility and sound governance
 - Climate change and carbon reduction
 - Employee relations and human rights
 - Providing social and economic development within communities.

An Ecosystem of Stakeholders



Sustainability Reporting: A Positive Lens

- 20 years ago no-one reported on sustainability or CSR, and now:
 - Most of FTSE and S&P 100 companies issue a separate report
 - Over 3000 companies produced such reports in 2008
 - G250 companies: 197 of 250 produced such reports, rising to 207 for those with an integrated approach.



Sustainability Reporting: A Negative Lens

- Of the 46,000 listed companies, few with any form of sustainability reporting & disclosure
- Specific challenges include:
 - While volume up, analysis weak;
 - Data consistency is poor;
 - Timing is behind main report;
 - Engaging professional accountants.

Specific Developments to Improve Integration

- GRI well established but a number of initiatives to improve integrated reporting:
 - 2009 King Code on Governance for SA
 - Carbon Disclosure Standards Board Reporting Framework
 - A4S Connected Reporting Framework
- IASB ED on Management Commentary?

The IFAC Sustainability Framework

IFAC Sustainability Framework



"I always make the business case for sustainability. It's so compelling. Our costs are down, not up. Our products are the best they have ever been. Our people are motivated by a shared higher purpose – esprit de corps to die for. And the goodwill in the marketplace – it's just been astonishing."

*Source: The New York Times,
Ray Anderson, Executive on a Mission:
Saving the Planet*

Being sustainable requires an organization
to take full account of its impact
on the planet and its people.


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IFAC FRAMEWORK ON SUSTAINABILITY




FIVE KEY QUESTIONS ON SUSTAINABILITY INTEGRATION

1. Strategic formulation
 2. Strategic Implementation
 3. Incorporation into competitive positioning.
 4. Strategy evaluation and control
 5. Supporting Management systems
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Strategic formulation

- ◆ Identifying the business case
- ◆ Relating the business case to stakeholder engagement and risk management process.
- ◆ Analysing strategic trade-off presented by sustainability issues.

Strategic Implementation

- ◆ Developing policies that support the integration of sustainability initiatives.
 - ◆ Engaging ownership at the top to integrate sustainability.
 - ◆ Understanding how values guide behaviour and decisions.
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- A stylized, low-poly mountain range graphic in shades of teal, located at the bottom right of the slide.

Incorporating into competitive positioning

- ◆ Changing risk to opportunity.
- ◆ Identifying a range of competitive strategies.

Strategy evaluation and control

- ◆ Identifying a broad set of relevant measures of performance.
- ◆ Deal and measure sustainability issues where they have been identified as an important driver of strategy.

Supporting Management Systems

- ◆ Considering a sustainability or environmental management system to complement an internal control system.
- ◆ Developing an appropriate and effective internal control system.

Roles of PAIB



TERRITORY MAP
OF THE
PROFESSIONAL
ACCOUNTANT IN
BUSINESS

STRATEGY

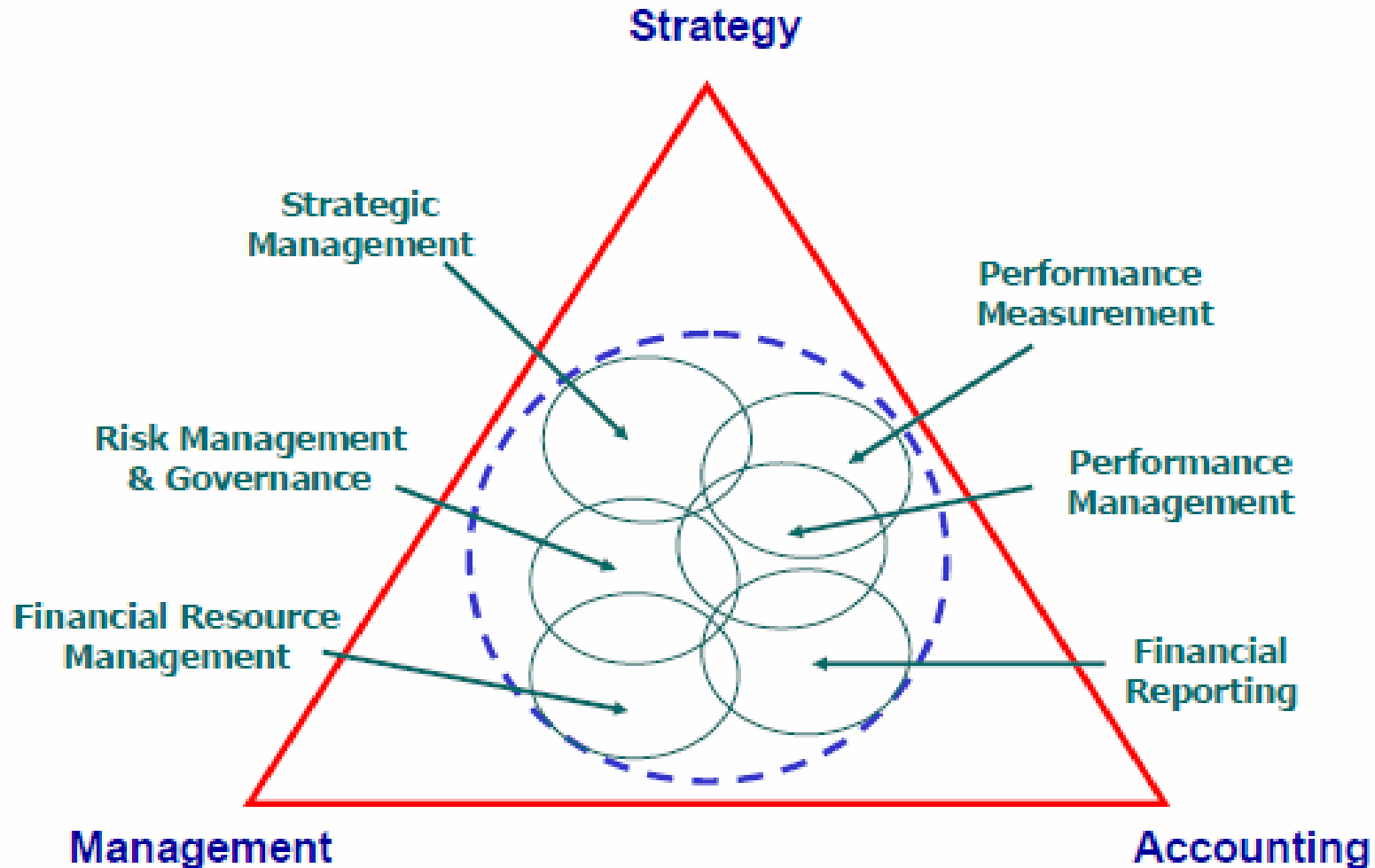
REGULATORY
FRAMEWORK

1. PERFORMANCE MEASUREMENT
2. PERFORMANCE MANAGEMENT
3. STRATEGY MANAGEMENT
4. FINANCIAL REPORTING
5. RISK MANAGEMENT
6. TAX MANAGEMENT
7. TREASURY MANAGEMENT

FINANCIAL
REPORTING

MANAGEMENT

PAIB Competency – CMA Canada



SUSTAINABILITY FRAMEWORK MAPPING TO PAIB

SUSTAINABILITY PERSPECTIVES

- **ECONOMIC VIABILITY**
- **SOCIAL RESPONSIBILITY**
- **ENVIRONMENTAL RESPONSIBILITY**

SUSTAINABILITY ISSUES

- Business case for sustainability
- Integration with Risk Management
- Goal Setting
- Ensuring information flow
- Decision making and KPI
- Financial reporting of sustainability issues

RELATED PAIB COMPETENCIES

- Strategic planning process
- Target setting and monitoring
- Enterprise Risk Management framework
- Policy deployment processes
- Implementation monitoring processes
- Performance management framework
- Cost Accounting Systems for resource consumption accounting.
- Cost Accounting principles supporting financial reporting transparency.
- Enhanced Governance practices