



ABOUT ACCA

ACCA is the global body for professional accountants. We support our 122,000 members and 325,000 students throughout their careers, providing services through a network of 80 offices and centres. Our focus is on professional values, ethics, and governance, and we deliver value-added services through 50 global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

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Foreword by Richard Aitken-Davies, President, ACCA

Going Concern? recognises that the concept of sustainable development is critical to society and business today. The accountancy profession has an important role in defining and delivering the means by which sustainable development is measured and reported.

ACCA has been actively involved in the unfolding debate on corporate social responsibility since 1990. We promote transparency and best practice, and aim to help businesses and organisations realise the growing importance of sustainability to them. ACCA champions the extension of corporate reporting to include the social and environmental aspects of a business. We have launched sustainability reporting awards with partners in Australia, Canada, New Zealand, Hong Kong, Ireland, Malaysia, Pakistan, Singapore, South Africa, Sri Lanka, the UK, and the US.

In 2002, ACCA became the first professional body to be awarded the prestigious Queen's Award for Sustainable Development. We are also members of the advisory group of the Climate Disclosure Standards Board. ACCA was represented on the Global Reporting Initiative's board from inception until 2007, and our representative now chairs the GRI's technical advisory committee. ACCA is also a member of the Executive Board of the 'Accounting for Sustainability' project launched by HRH the Prince of Wales.

Going Concern? has been produced with the assistance of the ACCA Social and Environmental Committee. ACCA's governing Council, whilst by no means complacent, is pleased with its pioneering work in this area. We invite all accountancy professional bodies to join with us in endorsing the thrust of this paper and aspiring to its objectives.



Richard Aitken-Davies
President, ACCA

The accountancy profession has an important role in defining and delivering the means by which sustainable development is measured and reported.

Section One

Sustainable development and corporate social responsibility: a general policy approach

ACCA believes that the term 'sustainability' implies a higher level of commitment than the term 'responsibility'. Generally speaking, an organisation could claim to be a responsible organisation merely by following all external regulations relating to (say) corporate law, environmental practice and employee welfare. Yet such an organisation might still be contributing negatively to the environmental balance sheet as well as pursuing business strategies that might endanger both shareholder value and employee and social welfare.

To pursue sustainable development (SD), policy makers usually focus on three central issues:

- economic aspects including, for example, financial flows and impacts on the local economy
- environmental aspects including, for example, energy and water use, pollution and biodiversity
- social aspects including, for example, human rights and treatment of workers and vulnerable groups.

Each of these has an inter-generational mandate – that is, an acceptable outcome in each of the three aspects has not been achieved unless it can be demonstrated that it is likely to persist across future generations.

ACCA POLICY

ACCA believes that few organisations are capable of achieving true sustainability in the short or medium term. To be fully sustainable, many will have to reconsider their entire range of operations, products and services. Most organisations, however, have both the desire and the capability to be, and be seen to be, socially responsible.

ACCA encourages all organisations to set a strategy so that their corporate social responsibility (CSR) agenda contributes to sustainable development. ACCA also believes that to lesser or greater extents, SD and CSR both require active partnerships. Business, government and civil society are all encouraged in *Going Concern?* to take an in-depth look at those changes that lie within their own sphere of control.

ACCA recognises that businesses operate in a commercial environment. In this sense, regulation around SD must be fair, proportionate and deliver a level playing field. In particular, attention should be paid to design regulation that creates opportunities for SD rather than additional burden. This is especially important for the SME community.

ACCA encourages all organisations to set a strategy so that their CSR contributes to sustainable development

ACCA COMMITMENTS

ACCA has already:

- employed a technical staff member specifically to address sustainability issues (the first accountancy body to do so)
- established a Social and Environmental Committee to guide it on internal and external sustainability issues (the first accountancy professional body to do so)

- monitored its own key environmental impacts and begun to develop social impact measures.

ACCA will:

- strive always to act responsibly and in the public interest
- seek to develop a clear image of what it would take to make ACCA itself a sustainable organisation
- be transparent as to its sustainability impacts through a regular sustainability reporting and external assurance process

- work (through funded research programmes or voluntary partnerships) with both private and public sector partners to seek long-term solutions to SD and CSR issues with an accounting, finance or assurance linkage
- ensure that SD and CSR issues are incorporated into its lifelong education, training and continuing professional development (CPD) processes
- develop guidance material for its members on how to address CSR and SD issues.

ACCA RECOMMENDATIONS

ACCA recommends that:

- organisations, at a minimum, should seek to be fully compliant with respect to all applicable corporate environmental and social welfare regulations, and recognise and build on the advantages of going beyond compliance
- organisations (including public sector bodies) should develop clearer understandings of what sustainability means for them and their range of products and services; where appropriate (eg for public sector bodies), they should also undertake formal consultation exercises engaging all internal and external stakeholders
- organisations should utilise feedback from consultation exercises into their corporate strategies and internal risk management programmes
- public policy makers should design a regulatory framework that allows organisations to flourish as they move toward SD
- organisations should develop and publish strategies setting out their individual 'sustainability road maps'
- organisations should develop, monitor and audit Key Performance Indicators (KPIs) relating to their most significant sustainability impacts and publish the results on a regular basis.

Section Two

Corporate governance, strategy and sustainability: the importance of integration



ACCA recognises the strong link between business strategy, corporate governance and sustainability

As sustainability issues become increasingly important, and as financial stakeholders take an increasing interest in the risks posed and opportunities afforded by these issues, organisations will need to focus more and more upon the implications of the sustainability debate. This can only be achieved if the concept is fully integrated into their operations and processes.

Issues such as:

- climate change
- use of finite resources
- labour in the supply chain
- human rights
- demographic change
- diversity
- waste
- outsourcing

affect many organisations, especially those with cross-border commercial interests or long supply chains.

At the same time as individual issues are gaining momentum at the boardroom level, often propelled there by an upsurge in public interest, regulators are becoming increasingly active and the volume of regulation affecting (even relatively small) organisations is increasing rapidly.

It is important that the regulatory framework is designed to be fair and proportionate and to stimulate sustainability initiatives rather than stifle innovation.

ACCA POLICY

ACCA recognises the strong link between business strategy, corporate governance and sustainability. In order for a business to operate successfully within a competitive environment, its strategy and governance structures will have to be closely aligned with the sustainability of its operations, processes and products.

More and more companies are realising the importance of managing social and environmental impacts and responsibilities from the top down, and are including sustainability on the agendas of existing board committees or creating a committee purely to address these issues. ACCA strongly supports this trend and considers it a key way to ensure that a real consideration of sustainability is spread throughout an organisation rather than being regarded as an add-on procedure, dealt with by only a particular department or individual.

ACCA also believes that responsibility for certain aspects of sustainability – for example reduced environmental impact or increased employee satisfaction ratings – should be incorporated into the performance, objectives and rewards systems of both commercial and non-commercial organisations.

ACCA COMMITMENTS

ACCA has already:

- formed a partnership with Tomorrow's Company to survey strategy and governance disclosures by UK corporations
- contributed to the development of the GRI guideline sections dealing with governance and sustainability
- added a consideration of corporate social responsibility and sustainability issues to the agenda of its Corporate Governance and Risk Management Committee

- sponsored research into the business case for greater organisational engagement with CSR and sustainability issues.

ACCA will:

- conduct annual high-level reviews against the commitments outlined in *Going Concern?*
- continue to form partnerships with organisations and individuals and promote research into how good governance and modified performance, objectives and rewards systems can improve organisational SD performance

- seek to underline the importance of, and enhance the consideration of, CSR and sustainability issues in the boardroom.

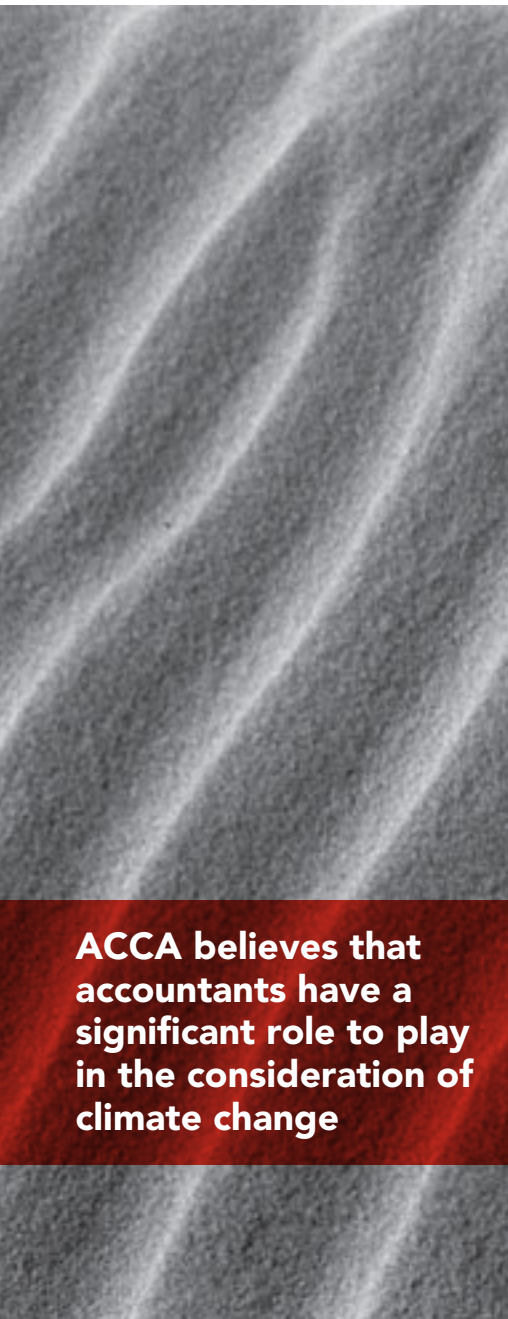
ACCA RECOMMENDATIONS

ACCA recommends that:

- businesses should make sustainability issues a core part of their strategy, and that risk identification and management should be governed at board level
- organisations should report on the linkage between the sustainability issues they face and the corporate strategies they choose, including the financial implications of their most significant sustainability risks
- businesses should integrate sustainability KPIs within their managerial reward evaluation procedures
- investors should actively require the organisations in which they invest to demonstrate that CSR and sustainability considerations are appropriately embedded in the system of corporate governance and are a central element in the strategic planning process.

Section Three

Climate change: how the accounting profession should respond



ACCA believes that accountants have a significant role to play in the consideration of climate change

While climate change has been taken very seriously in informed quarters for many years, the Stern Review of 2006¹ and the Al Gore film 'An Inconvenient Truth' have brought the issue to the forefront of media and business attention. More recently, IPCC's fourth report² stated that most of the observed increase in global average temperatures since the mid 20th century is very likely (>90% likelihood) due to the observed increase in anthropogenic GHG concentrations. The potential threat can hardly be overstated. The Stern Report describes climate change as 'the greatest and widest-ranging market failure ever seen'; it refers to possible outcomes that 'are unknown to human experience' and that 'could be catastrophic'. It also emphasises the profound importance of what happens within the next 10 to 20 years. It is imperative, therefore, that collective and collaborative action is taken now.

ACCA has decided that of the main SD issues we should prioritise consideration of climate change, while continuing to make general progress on a wide range of other important issues that are also fundamental to our future but that may appear to be less urgent in the short term.

It should be noted that climate change is not just an environmental issue. It can influence many other social and economic factors, such as poverty, health and economic development, and should be considered in this wider context.

ACCA POLICY

The accounting professional with his/her analytical skills and pivotal position within the organisation, is well qualified to make a vital contribution toward climate change policy and implementation, in areas such as:

- evaluating the returns on low carbon investment proposals
- developing organisation-relevant carbon and greenhouse gas (GHG) KPIs and related measurement protocols
- advising their employers and clients about how emissions trading regimes operate and developing related response strategies
- providing improved disclosure of information on companies' carbon and GHG emissions and climate change risks through the annual report and accounts
- auditing carbon and GHG disclosures
- advising employers and clients as to the best courses to take in adapting to climate change, including the probable investment costs and returns from such investments
- generally quantifying and profiling the financial consequences of climate change.

1. *Stern Review: The Economics of Climate Change* (HM Treasury 2007).

2. *Climate Change* (IPCC, 2007).

ACCA COMMITMENTS

ACCA has already:

- formed a partnership with FTSE Group to survey climate change disclosures within UK companies
- published guidance on the financial implications of and accounting for GHG emissions
- become a member of the Advisory Committee of the Climate Disclosure Standards Board (secretariat support provided by the Carbon Disclosure Project).

ACCA will:

- develop and implement ways to measure and report on its own carbon footprint
- set realistic targets for future improvement that are consistent with reductions targets required globally and nationally
- review the potential for offsetting any residual emissions
- consider the projected future cost of carbon in its own planning processes

- form partnerships with appropriate organisations to contribute to the development of universally applied standards for climate change reporting and auditing
- develop guidance material for its members on best practice methods for assessing and limiting probable costs of climate change adaptation
- develop training modules for CPD in the carbon disclosure and emissions trading area.

ACCA RECOMMENDATIONS

ACCA recommends that:

- environmental regulators should work with accounting standard setters to develop a universally applicable climate change reporting and auditing standard for organisations of all sizes
- all organisations should begin to measure and disclose their carbon footprints according to the principles set down by the WRI-WBCSD GHG Protocol
- professional accountancy bodies should implement post-qualification training programmes for members in public practice, and the private and public sectors, focusing especially upon issues relating to emissions trading schemes, carbon intensity and risk, and emissions disclosure and verification
- investors, governments and businesses should work to adapt planning and investment practices to account for a changed climate by integrating climate change models into such processes.

Section Four

Accounting in practice: the need to improve how we account for sustainability issues



ACCA believes that it is important to develop further the existing environmental, sustainability and social accounting techniques

Stakeholders are increasingly asking for meaningful information on environmental, social and economic impacts. The rise in ethical consumerism, shareholder activism and sophisticated use of internet technology, have made companies more accountable than ever to their stakeholders. This requires decisions to be made about an organisation's real performance on both financial and non-financial data sets.

Accounting for sustainability issues is at various stages of development and can take various forms, such as:

- environmental management accounting, which is used to identify costs (and revenues) that are driven by clearly identifiable environment-related factors
 - sustainability (or 'full cost') accounting, which is used to place objective prices on externalities caused by the impacts of organisational processes or outputs
 - social accounting, which is used to describe an organisation's understanding and response to its relationships with its stakeholders. This will include a wide variety of issues, including the supply chain, employee welfare, customer protection and intangible benefits (or costs). It often also covers environmental impacts.
- measuring the extent of financial exposures and risk in respect of environmental and societal impacts
 - selecting more environmentally sound and socially beneficial products and related production methods
 - refining the appropriateness of environmental taxation proposals
 - convincing financial stakeholders that pro-sustainability strategies create, rather than erode, value.

Some sustainability issues – for example, environmental liabilities and the rights and obligations relating to emissions trading activities – are already being integrated directly into conventional financial reporting.

ACCA POLICY

ACCA believes that it is important to develop further the existing environmental, sustainability and social accounting techniques. Advances in these areas would assist in:

ACCA COMMITMENTS

ACCA has already:

- worked with the UN UNCTAD group to strengthen environmental accounting competencies in developing economies
- contributed to the Sustainability Accounting handbook prepared by the SIGMA project
- republished the US EPA guide to environmental accounting
- funded research into various aspects of environmental and sustainability accounting

- held conferences (jointly with the UK Environment Agency) on environmental and sustainability accounting.

ACCA will:

- continue to support the development of environmental and social accounting methodologies, including work on the use and comparability of eco-efficiency indicators, which, although not a sufficient condition for sustainability, are a necessary instrument for assessing relative profitability

- commission further external research into the application of these methodologies in practice
- develop guidance material for its members in respect of each of the separate elements of the sustainability accounting framework
- support IFAC and its contributions to global-level policy initiatives, as well as the accountancy profession at a European level through its work with FEE. ACCA also contributes to global and national debates in this area.

ACCA RECOMMENDATIONS

ACCA recommends that:

- academic bodies and professional institutes should conduct further research into environmental management accounting as well as working to develop methodologies enabling full cost accounting
- organisations should begin to apply social and environmental accounting techniques to reflect more accurately their contribution to sustainable development and their impacts on society and the environment
- cost internalisation via the tax system is generally seen as anti-competitive. Therefore, supranational bodies should take steps to develop a portfolio of fiscal instruments designed to internalise sustainability impacts in international trade treaties
- governments should accelerate the debate about the mix of policy instruments concerning creation of incentives, regulation and the limits to voluntary action.

Section Five

Sustainability reporting: recognising the imperative for transparency

It is encouraging that of the top one hundred companies in each of Europe, the US, the UK and Rest of World, 93%, 73%, 88% and 69% respectively produce some form of sustainability report. In addition, 67% of the Fortune 500 produce one.³ Despite the influence of the GRI Guidelines, however, public reporting is not yet sufficiently standardised and concerns remain regarding the comparability and credibility of many published reports.

In addition, most businesses are unlisted companies or non-incorporated entities and the vast majority of these have not participated in any form of public sustainability reporting. This is something that needs to be addressed, as the combined impacts and performance of these entities is very significant.

Integrated reporting (the merger of the currently separate processes of financial reporting and sustainability reporting) is currently undertaken by a small number of companies, with varying degrees of success. Most report a summary of sustainability information in their annual reports with a separate stand-alone report or website for the detail.

ACCA POLICY

ACCA encourages the inclusion of more sustainability-related information in the annual report and accounts and recognises that such disclosures need to be focused on significant issues. ACCA encourages sustainability reporting and transparency across all types of organisation.

Recently there have been an increasing number of legislative requirements for organisations to report, although we acknowledge these are too few and lack the depth preferred by many stakeholders (eg the *UK Companies Act 2006*). ACCA believes that, in the absence of mandatory reporting requirements, concerned investors and other influential stakeholders represent the best source of influence to improve the comparability and credibility of such reporting.

ACCA believes that SME disclosure requirements should be incorporated in a fair and proportional regulatory framework that demonstrates the opportunities and benefits of compliance. More should be done to encourage smaller companies and third-sector organisations not covered by various legislation or reporting guidance to adopt some modified form of sustainability reporting based on the Application Levels approach proposed by the GRI.

ACCA encourages sustainability reporting and transparency across all types of organisations

³. Source, CorporateRegister.com June 2007

ACCA COMMITMENTS

ACCA has already:

- held annual sustainability reporting awards for almost two decades – and now organised in over 10 countries
- established the first regional sustainability awards across Europe
- been a Steering Committee (1997–2002), Board (2002–2007) and Technical Advisory Committee member (since 2005) of the GRI
- published work on reporting (eg *Reporting on the World Wide Web, Towards Transparency*)
- been a Steering Committee member of the Prince of Wales Accounting for Sustainability project (2007 onwards)
- held workshops and seminars globally on sustainability reporting
- funded research on reporting.
- disclosures around the world and the possibilities for a mandatory reporting requirement
- support and expand the influence of its various ACCA Sustainability Reporting Awards schemes
- continue to encourage sustainability reporting and be involved in the debate on integrated reporting
- develop guidance material for its members on sustainability and integrated reporting.

ACCA will:

- continue to encourage and lead the debate on the standard of

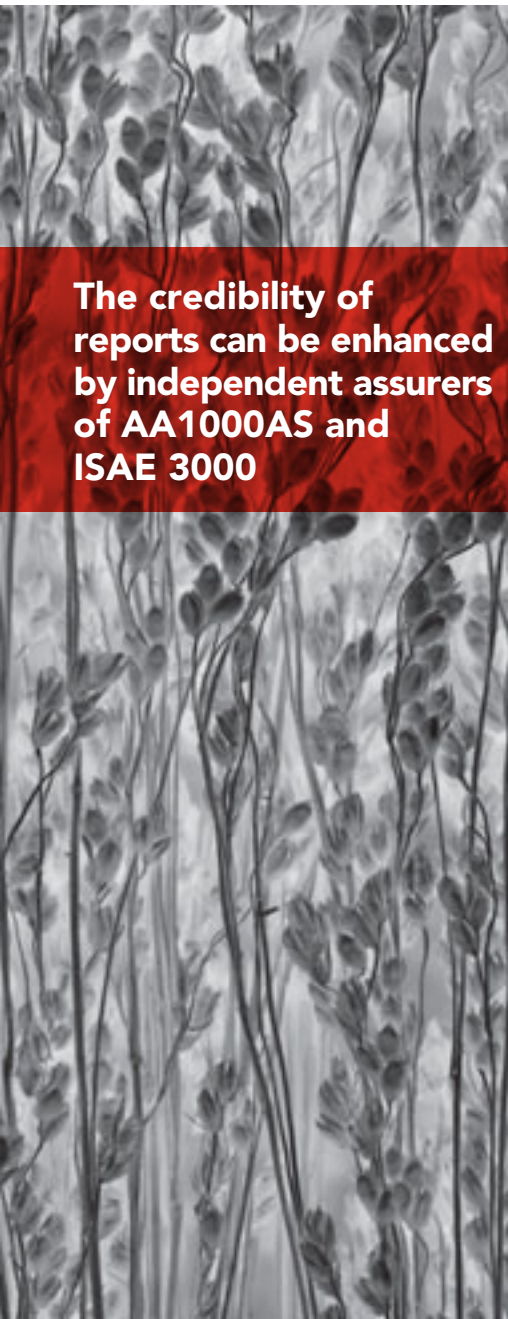
ACCA RECOMMENDATIONS

ACCA recommends that:

- governments should continue to urge organisations of all sizes to produce appropriately structured sustainability reports
- supranational bodies should recommend public sustainability reporting, based on the GRI guidelines, as part of their wider CSR programme
- environmental regulators should work with international accounting standard setters to develop a universally applicable climate change reporting standard for organisations of all sizes
- all organisations should begin to report their material social and environmental impacts publicly, with supporting information on strategy, governance, risks, performance and management
- governments should consider the examples set recently by Sweden (whereby all Swedish state-owned enterprises will be required to undertake sustainability reporting based on the GRI guidelines), the Hong Kong administration (where all government departments are required to publish environmental reports) and South Africa (where reporting is recommended as an integral part of compliance with the *King 2* recommendations on corporate governance).

Section Six

Audit and assurance: why credibility matters



The credibility of reports can be enhanced by independent assurers of AA1000AS and ISAE 3000

The now widespread importance of sustainability reporting has raised the question of the value of associated assurance (audit) engagements. Many argue that without some form of assurance, such reports have little value because they are then simply the unverified views of corporate management. Others, while agreeing in principle that assurance is a 'good thing', argue that extant sustainability reporting frameworks are, as yet, an insufficiently objective reporting base on which to build an objective assurance process.

Assurance standards for non-financial reporting have been developed both by the accountancy profession itself (ISAE 3000 issued by the International Auditing and Assurance Standards Board) and by AccountAbility (AA1000AS). Both standards are in frequent use but there is continuous criticism suggesting that either these standards are applied inconsistently in practice or else they are ineffective in teasing out a balanced review of sustainability performance.

ACCA POLICY

It is clear that the absence of credible external independent assurance processes brings with it the risk that non-financial reporting lacks credibility on the grounds of self-interest and completeness (or lack of it). ACCA supports moves by FEE to promote the standardisation of sustainability assurance processes in the form of a generally agreed international standard for assurance on sustainability reports.

In the absence of such a standard, ACCA believes that the credibility of published reports can be enhanced through the use by independent assurers of AA1000AS and ISAE 3000. In addition, we encourage report preparers to make use of a wider range of credibility-generating mechanisms, such as expert panels, stakeholder panels and internal audit.

ACCA COMMITMENTS

ACCA has already:

- become a member of the Technical Committee of AccountAbility, currently revising AA1000AS
- contributed strongly to the work of the FEE Sustainability Assurance sub-group, being lead author for its discussion papers, 'Providing assurance on sustainability reports' and 'Assurance for sustainability'

- sponsored research into sustainability assurance issues (eg *The Future of Sustainability Assurance*, written by AccountAbility).

ACCA will:

- work with the leading organisations in the assurance field (such as the International Auditing and Assurance Standards Board, the UK Auditing Practices Board and AccountAbility, as well as through the GRI) to develop

generally accepted assurance models based on a combination of the AA1000AS and ISAE 3000, which improve the overall credibility of sustainability reports and other CSR disclosure routes

- sponsor research and debate aimed at informing and improving the practice of assurance provision
- develop guidance material for its members on sustainability report assurance.

ACCA RECOMMENDATIONS

ACCA recommends that:

- academic bodies and professional institutes should undertake research among users and readers of sustainability reports to establish their preferred assurance provision methodologies
- setters of assurance standards should work more closely together to produce an authoritative standard for the assurance of sustainability reports prepared in accordance with the now de facto global sustainability reporting standard, the GRI sustainability reporting guidelines
- organisations should enhance the credibility of their reports by including an assurance statement or making use of other credibility-generating mechanisms, such as expert panels
- professional accountancy bodies should develop CPD programmes targeted at developing sustainability assurance competencies among their practising members.

Section Seven

Education and training: what should the next generation of accountants learn?

The threats that the sustainability challenge pose to the future of business and society are such that it is no longer possible to justify the exclusion of SD and CSR issues from the professional syllabus.

The professional examinations are, however, only one element of the lifelong learning package that professional bodies are required to provide. ACCA acknowledges the importance of educating members as well as students on the importance of sustainability. CPD programmes will need to incorporate SD and CSR issues – though probably on a sector-relevant basis rather than in a generic form.

Unlike many professional bodies, ACCA operates on a global basis and this gives us additional opportunities and responsibilities to roll out our student and member education and training globally.

ACCA POLICY

ACCA believes that sustainability issues should be fully integrated into the professional examination curriculum so that future generations of accountants would be better equipped to recognise the challenge that sustainable development poses to their organisations.

ACCA also believes that accountants will need to understand the many different ways in which sustainability concerns will permeate their future business careers – whether through environmental taxation considerations, investment appraisal decisions, financial reporting of carbon assets, risks and liabilities, and/or the management of reputational risk.

Accountants will need to understand the ways in which sustainability concerns will permeate their future careers

ACCA COMMITMENTS

ACCA has already:

- clearly flagged sustainability issues in our ACCA 2007 syllabus where they are relevant to the work of the professional accountant – whether in business or in practice
 - written the ‘Accounting’ sector report for UNEP’s Industry series, reflecting on progress and pushing the boundaries further within the accountancy profession (UNEP 2002)
 - developed and run a range of CPD programmes and events for members – both in the UK and through the auspices of our national office network
 - taken a leading role in developing professional guidance on sustainability matters for the Professional Accountants in Business Committee of the International Federation of Accountants.
- ACCA will:
- continue to develop the coverage of sustainability issues within the core syllabuses of its main educational products
 - both in the UK and internationally, increase its range of post-qualification (CPD) courses tailored to existing members current employment needs vis-à-vis sustainable development issues
 - contribute to the work that the FEE Sustainability Policy group is undertaking to promote sustainability education throughout the European profession
 - use its funded research programme to understand better the most appropriate ways of reflecting sustainability issues in the professional curriculum.

ACCA RECOMMENDATIONS

ACCA recommends that:

- the International Education Standards Board of the International Federation of Accountants, with over 160 member bodies worldwide obligated to follow its pronouncements, should incorporate SD and CSR matters into its basic education requirements
- the UK professional bodies, examiners and tuition providers should form a task force to identify an acceptable minimum level of SD and CSR coverage in examination papers and tuition material.

Section Eight

Small and medium-sized enterprises: their role in the sustainability debate

SMEs should be included within all voluntary SD and CSR programmes to the greatest extent possible

SMEs account for the majority of economic activity (eg in the EU, there are approximately 23 million SMEs, constituting 99% of all enterprises). The sector generates two-thirds of all private-sector jobs (75 million) and more than half (52%) of private-sector turnover is generated by SMEs).

In the UK, according to the Carbon Trust,⁴ SMEs generate a quarter of CO₂ emissions a year.

ACCA POLICY

ACCA already devotes considerable resources to developing the financial management competencies of the SME sector. ACCA believes that, as well as being compliant with all applicable social and environmental regulations, because of their economic and social significance, SMEs should be included within all voluntary SD and CSR programmes to the greatest extent possible.

It is our policy to work with relevant small business groups to ensure that SME initiatives in the SD and CSR area are appropriately targeted and proportional, and that such initiatives benefit rather than stifle enterprise and innovation in the sector.

4. *Advanced Metering for SMEs* (2007), see <http://www.carbontrust.co.uk/publications/publicationdetail?productid=CTC713>.

ACCA COMMITMENTS

ACCA has already:

- collaborated with Envirowise to produce 'Increase your profits with environmental management accounting', which included a number of CPD seminars to members.
- work with Envirowise on the second generation of UK SME environmental accounting and management guidance
- publish guidance material for its members on various aspects of the SD and CSR debate which will be of practical use to both interested SMEs and their SMP advisers.

ACCA will:

- develop tax proposals aimed at promoting and rewarding greater investment in cleaner technology by the SME sector

ACCA RECOMMENDATIONS

ACCA recommends that:

- governments should review the incentives provided by SME corporate taxation systems to increase the propensity of the SME sector to invest in cleaner technology
- SMEs should become more proactive in the unfolding CSR debate and increase their profile and contribution within the growing number of initiatives, guidelines and standards being developed
- governments should produce guidance to help SMEs measure their key environmental and social impacts
- GRI should develop a more accessible version of its current sustainability reporting guidelines for smaller organisations.

Appendix 1

ACCA'S strategic goal, mission and core values

Sustainable development is recognised as one of the key issues facing society and business today and as such, will also be a key issue for the accountancy profession in future. It is for this reason that *Going Concern?*, which sets out ACCA's policies on a number of key issues relating to sustainable development and corporate social responsibility, has been written.

The high-level principles that govern ACCA's activity, and that endure from year to year, are its goal, mission and core values.

GOAL

ACCA's goal is to be the leading global professional accountancy body in influence, reputation and size.

MISSION

- To provide opportunity and access to people of ability around the world and to support our members throughout their careers in accounting, business and finance.
- To achieve and promote the highest professional, ethical and governance standards.
- To advance the public interest.
- To be a global leader in the profession.

OUR CORE VALUES

- Accountability
- Diversity
- Innovation
- Integrity
- Opportunity

These goals, mission and values can all be applied in the context of this agenda. ACCA supports students and members in their careers and professional lives, keeping them up to date with issues and developments relevant to the profession, including sustainability. This education and support is offered worldwide, wherever members and students are situated.

Appendix 2

Sustainable development and corporate social responsibility definitions

ACCA believes that, to ensure consistency in policy development and implementation it is necessary to have a clear view of what is meant by the terms 'sustainable development' and 'corporate social responsibility'.

These are the definitions that have guided ACCA in developing this document.

SUSTAINABLE DEVELOPMENT

Development that 'meets the needs of the present without compromising the ability of future generations to meet their own needs'. (Brundtland Commission)

CORPORATE SOCIAL RESPONSIBILITY

A mechanism or strategy whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders.

Appendix 3

ACCA's social and environmental committee members

ACCA would like to thank the members of the Social and Environmental Committee for their support and commitment to ACCA, and their contribution to various projects, including *Going Concern?*, over the years.

Professor Jan Bebbington, Chair, Professor of Accounting and Sustainable Development, St Andrews Sustainability Institute and Centre for Social and Environmental Accounting Research, St Andrews University

Mr Seb Beloe, Head of SRI Research, Sustainable and Responsible Investment, Henderson Global Investors

Professor David J. Collison, School of Accounting and Finance, University of Dundee

Dr Andrea Coulson, Lecturer In Accounting, Department of Accounting and Finance, University of Strathclyde

Professor Rob Gray, Professor of Social and Environmental Accounting, Centre for Social and Environmental Accounting Research, St Andrews University

Professor Adrian Henriques, Professor of Accountability, Middlesex University, and social auditor

Dr Vernon Jennings, Managing Director, Sustainable Development Consultants Ltd

Mr Mike Kelly, Head of Corporate Social Responsibility, KPMG Europe LLP

Dr Alan Knight, Head of Standards, AccountAbility

Mr Patrick Mallon, Director of Benchmarking and Reporting, Business in the Community

Ms Zoe Newall, Assistant Head of Accounting Policy, Exploration and Production, BP plc

Mr David Nussbaum, Chief Executive, WWF-UK

Dr Chris Tuppen, Director of Sustainable Development, BT Group plc

Appendix 4

List of referenced organisations

AccountAbility	www.accountability21.net
An Inconvenient Truth	www.climatecrisis.net
APB	www.frc.org.uk/apb
Carbon Disclosure Project (CDP)	www.cdp.org
CDP	www.cdproject.net
CDSB	www.cdproject.net/cdsb.asp
Environment Agency	www.environment-agency.gov.uk
Envirowise	www.envirowise.gov.uk
FEE	www.fee.be
FTSE Group	www.ftse.com
GRI	www.globalreporting.org
IASB	www.iasb.org
IFAC	www.ifac.org
IPCC	www.ipcc.ch
Prince of Wales Accounting for Sustainability project	www.sustainabilityatwork.org.uk
SIGMA	www.projectsigma.co.uk
The Stern Report	www.hm-treasury.gov.uk
Tomorrow's Company	www.tomorrowcompany.com
UNCTAD	www.unctad.org
UNEP	www.unep.org
US EPA	www.epa.gov
WBCSD	www.wbcsd.org
WRI	www.wri.org

Appendix 5

ACCA sustainability publications

- *International trends in social and employee reporting* (Roberts, 1990)
- *The greening of accountancy* (Gray, 1990)
- *Accounting for the environment* (Gray, Bebbington and Walters, 1993)
- *Where silence is not golden: towards the strategic use of corporate environmental information for company valuation* (Spencer-Cooke, 1994)
- *Social and environmental accounting education in British universities* (Owen, Humphrey and Lewis, 1994)
- *Environmental, employee and ethical reporting in Europe* (Adams, Hill and Roberts, 1995)
- *An introduction to environmental accounting as a business tool – key concepts and terms* (US EPA, 1995)
- *Business conceptions of sustainability and the implications for accountancy* (Bebbington and Thomson, 1996)
- *Environment under the spotlight – current practice and future trends in environment-related performance measurement for business* (Bennett and James, 1998)
- *Making values count: contemporary experience in social and ethical accounting, auditing and reporting* (Gonella, Pilling and Zadek, 1998)
- *Accounting for the abandonment of North Sea oil and gas wells* (Russell, Kouhy and Lyon, 1998)
- *Toward corporate accountability for equal opportunities performance* (Adams and Harte, 1999)
- *Accounting for biodiversity: a natural inventory of the Elan Valley Nature Reserve* (Jones and Matthews, 2000)
- *Turnball, internal control and wider aspects of risk* (ACCA, 2000)
- *Ecological footprinting analysis: towards a sustainability indicator for business* (Chambers and Lewis, 2001)
- *Full cost accounting: an agenda for action* (Bebbington, Gray, Hibbitt and Kirk, 2001)
- *An analysis of European ethical funds* (Kreander, 2001)
- *Environmental, social and sustainability reporting on the World Wide Web: a guide to best practice* (ACCA and CorporateRegister.com, 2001)
- *Social and environmental reporting and ethical investment* (Miles, Hammond and Friedman, 2002)
- *Sustainability accounting in UK local government: an agenda for research* (Ball, 2002)
- *An introduction to environmental reporting* (ACCA, 2002)
- *Industry as a partner for sustainable development: Accounting* (ACCA, 2002)
- *Environmental liabilities – paying for the past, providing for the future* (ACCA, 2003)

- *The Big Picture UK: how the environment influences corporate profit* (ACCA, 2004)
- *Environmental taxes* (ACCA, 2004)
- *Corporate social responsibility: is there a business case?* (ACCA, 2004)
- *Advances in environmental accounting: conference proceedings* (ACCA and Environment Agency, 2004)
- *Valuing human resources* (Verma and Dewe, 2004)
- *The future of sustainability assurance* (Zadek, Raynard, Forstater and Oelschlaegel, 2004)
- *FTSE4Good: perceptions and performance* (Cobb, Collison, Power and Stevenson, 2005)
- *The operating and financial review: a catalyst for improved corporate social and environmental disclosure?* (Owen, Shaw and Cooper, 2005)
- *UK charity ethical investment: policy, practice and disclosure* (Kreander, 2006)
- *Towards transparency – progress on environmental sustainability reporting* (ACCA and CorporateRegister.com, 2006)
- *The Big Picture Australia: how the environment influences corporate profit* (ACCA and URS, 2006)
- *Advances in environmental accounting: conference proceedings* (ACCA and Environment Agency, 2006)
- *Social and environmental reporting and the business case* (Spence and Gray, 2007)
- *Disclosures on climate change* (ACCA Australia and NetBalance, 2007)
- *Disclosures on stakeholder engagement* (ACCA Australia and NetBalance, 2007)
- *Disclosures on human capital management* (ACCA Australia and NetBalance, 2007)
- *Improving climate change reporting: a discussion paper* (ACCA and FTSE Group, 2007)

The corporate world and sustainability

It was the 1960s when the wider community began to examine the record of business in managing the environment. The focus began with pollution. In the words of Garrett Hardin, 'pollution stems from a fundamental failure of markets to incorporate the full cost of economic activities'. Works such as Rachel Carson's *Silent Spring* (1962), Garrett Hardin's *Tragedy of the Commons* (1968) and Paul Ehrlich's *The Population Bomb* (1968) served to focus the community's attention on the rising tide of environmental issues brought on by industrialisation.

The 1970's saw the introduction of a range of institutional initiatives, from the Club of Rome's *Limits to growth* (1972), to the UN conference on human environment (1972) and the OECD recommendation on the polluter pays principle (1971): all focusing on the impacts of industrialisation and the role of business in relation to the natural environment.

The 1980s saw the discovery of the ozone hole over the Antarctic (1985) the Brundtland Report *Our Common Future* (1987) was published and the the Montreal Protocol on CFCs came

into existence. The nuclear disaster at Chernobyl (1986), the toxic chemical explosion at Bhopal (1984) and the Exxon Valdez spillage (1989) all occurred in this decade. Attention to climate change began when the Intergovernmental Panel on Climate Change was formed in 1988. At this point the global community started to seriously question business and critique how globalisation was occurring.

As a result The Rio Earth Summit in 1992 saw widespread protest about the power of corporations, and the need to develop frameworks and monitoring protocols was widely voiced. The WBCSD was founded on the eve of this summit to involve business and give it a voice. ACCA was at the forefront of this movement when it established the UK environmental reporting awards programme in 1991, its European equivalent in 1996 and joined the GRI from its inception in 1997. In 1997 the Kyoto Climate Change Protocol was agreed. This treaty is arguably the most significant global framework to date in terms of engaging government and business on an issue of major environmental significance.

In the new millennium, there has been significant activity from institutions and global bodies issuing guidelines, standards, protocols, legislation and directives.. Simultaneously, just as major corporations have grown in size and significance, so too have the institutions and mechanisms which critique and monitor them. All stakeholders in this global issue now rely on electronic communications to deliver their message and solicit community support. The internet has become a powerful engagement tool.

ACCA has assisted in developing the mechanisms for business to address and inform its stakeholders and to raise the level of understanding and engagement within the accounting profession on sustainability. Today, companies themselves and their stakeholders have developed a range of frameworks to address sustainability initiatives and impacts.

ACCA is proud to have been a critical link in the process of assisting business to more effectively address the concerns of stakeholders and improve sustainability outcomes for the planet.

ACCA's key sustainability activities

1990–

- ACCA research published: *The greening of accountancy* (Gray 1990).
- ACCA UK environmental reporting awards launched (1991).
- ACCA becomes a member of FEE's sustainability working party (1995).
- ACCA co-launches European Awards for environmental reporting (1996).
- ACCA becomes a member of AccountAbility's Council (1997).
- ACCA becomes a member of the GRI steering committee (1997).

1998–

- ACCA becomes an expert adviser at UNCTAD (1998).
- ACCA employs full-time staff for its sustainability activities (1998).
- External consultants conduct ACCA UK's first review of its key environmental impacts (1998).
- ACCA UK social reporting awards are launched (1999).
- ACCA's Social and Environmental Committee is convened, chaired by John Elkington (1999).
- Member of FEE's Sustainability Assurance Subgroup (2000).
- ACCA becomes a technical adviser for One Hundred Group of Finance Directors (2000).

2001–

- ACCA becomes a member of the Ashridge 'Business in society' judging panel (2001).
- ACCA hosts 'Advances in environmental accounting' conference with Environment Agency (2001).
- ACCA becomes a member of the GRI board of directors (2002).

2004-

- ACCA receives the Queen's Award for Enterprise: sustainable development (2002).
- ACCA launches *accounting & sustainability* e-newsletter (2003).
- ACCA launches reporting awards schemes in Hong Kong, Malaysia, Singapore, Australia & New Zealand, North America, Pakistan, Ireland (2001-2003).
- ACCA becomes a member of the Queen's Award SD judging panel (2004).
- ACCA becomes a member of IFAC's Sustainability Expert Advisory Panel (2004).
- ACCA hosts 'Advances in environmental accounting' conference with Environment Agency (2004).
- ACCA Sri Lanka launches sustainability reporting awards (2004).
- ACCA becomes chair of GRI's technical advisory committee (2005).
- ACCA becomes a member of IFAC's Professional Accountants in Business sustainability working group (2006).
- ACCA's Social and Environmental Committee secures new chair, Professor Jan Bebbington (2006).

2007-

- ACCA revises its syllabus to contain significant aspects of sustainability issues (2007).
- ACCA engages former US Vice President Al Gore to present to around 400 delegates at an event for business leaders in Hong Kong (2007).
- ACCA becomes a Member of AccountAbility's Technical Committee (2007).
- ACCA becomes a member of the Carbon Disclosure Standards Board advisory group (2008).
- ACCA becomes a member of the judging panel of PWC's The Building Public Trust Awards (2008).



ACCA is proud to have been a critical link in the process of assisting business to address the concerns of stakeholders more effectively.

