



SMEs and sustainability: The role of the accounting profession

About ACCA

We're the world's most forward-thinking accountancy body.

We have more than **219,000** fully qualified members and **527,000** students worldwide. We have global partnerships and network gives us unrivalled insight into the accountancy profession.

219,000
fully qualified members

527,000
students worldwide

ACCA
in **179**
countries

219,000
members

527,000
students

453
strategic
partnerships

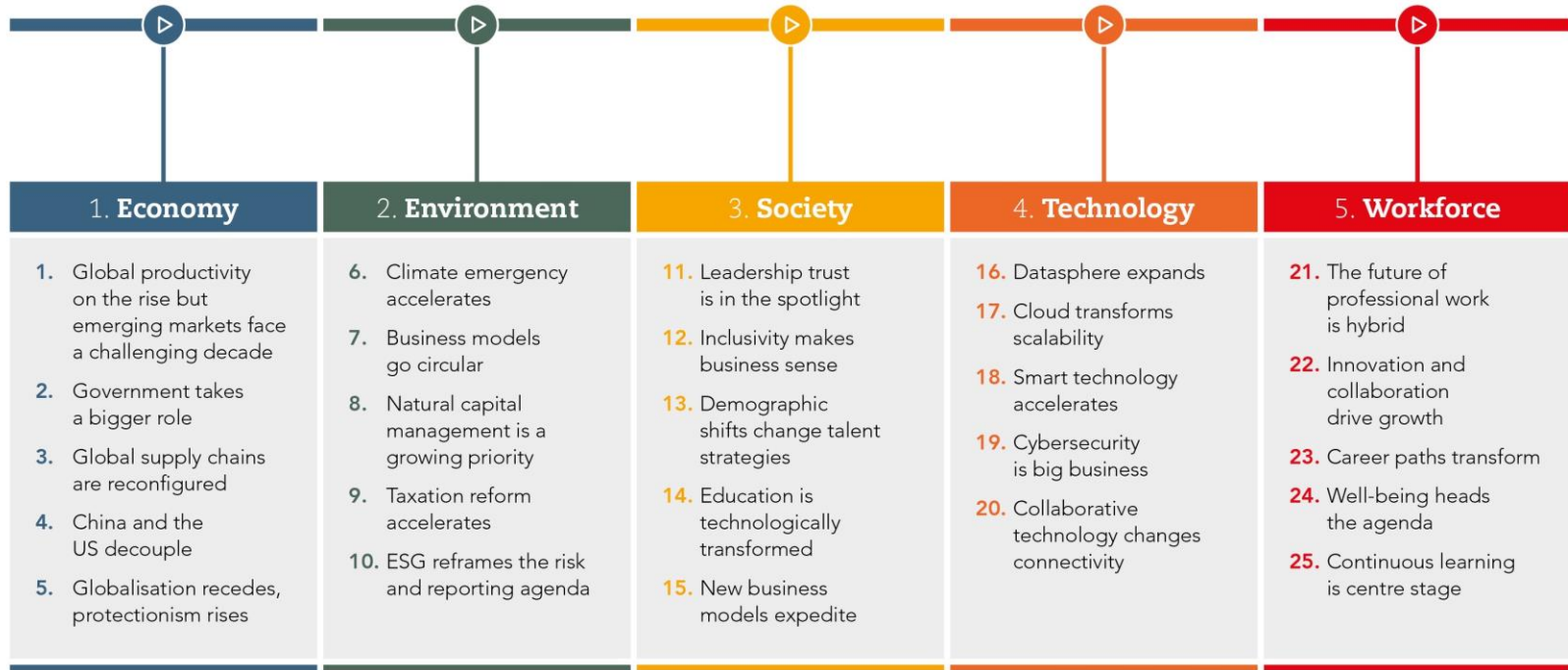
110 offices
and centres
in **52**
countries

More than
7,571
approved
employers

328
approved
learning
providers

1,901
exemption-accredited
programmes
from **908**
institutions

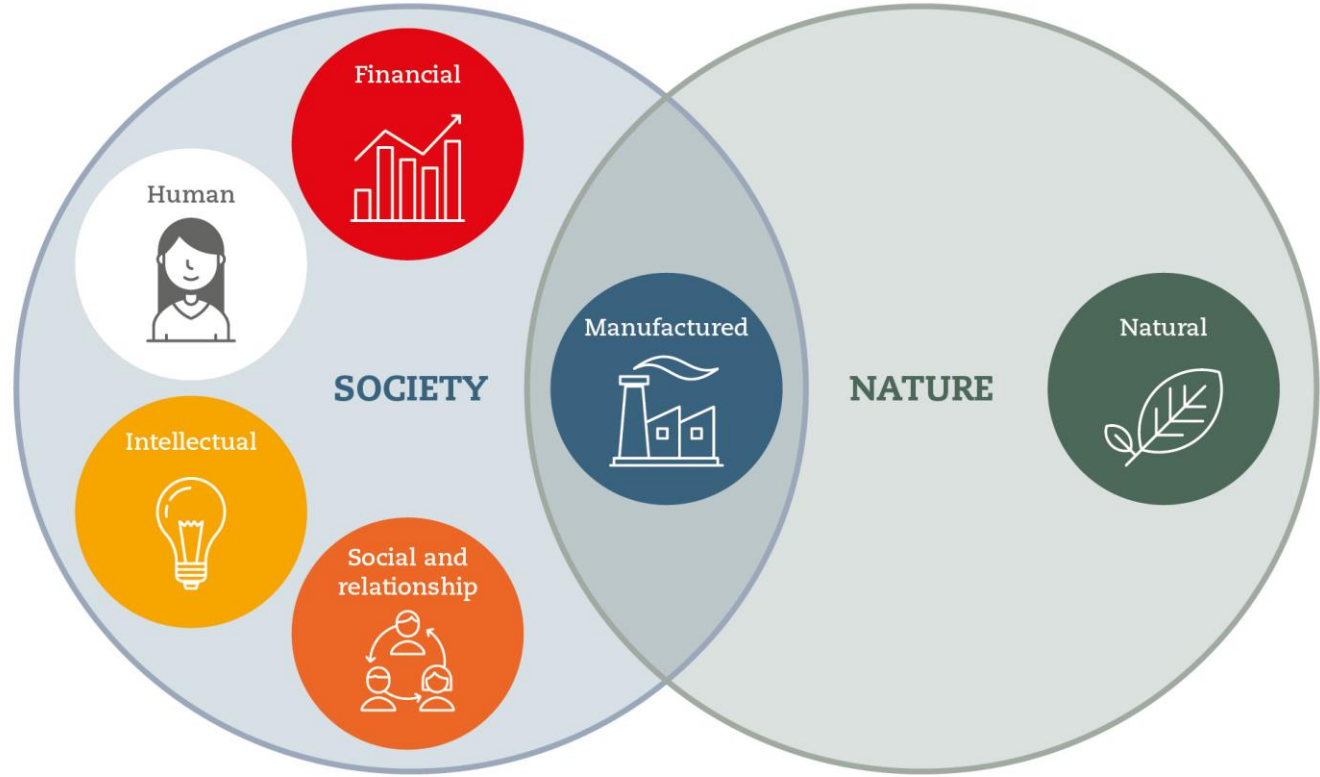
Drivers of change shaping the sustainable organisation of the future



Why are sustainability issues important to business?

Society is in its many forms has a growing interest

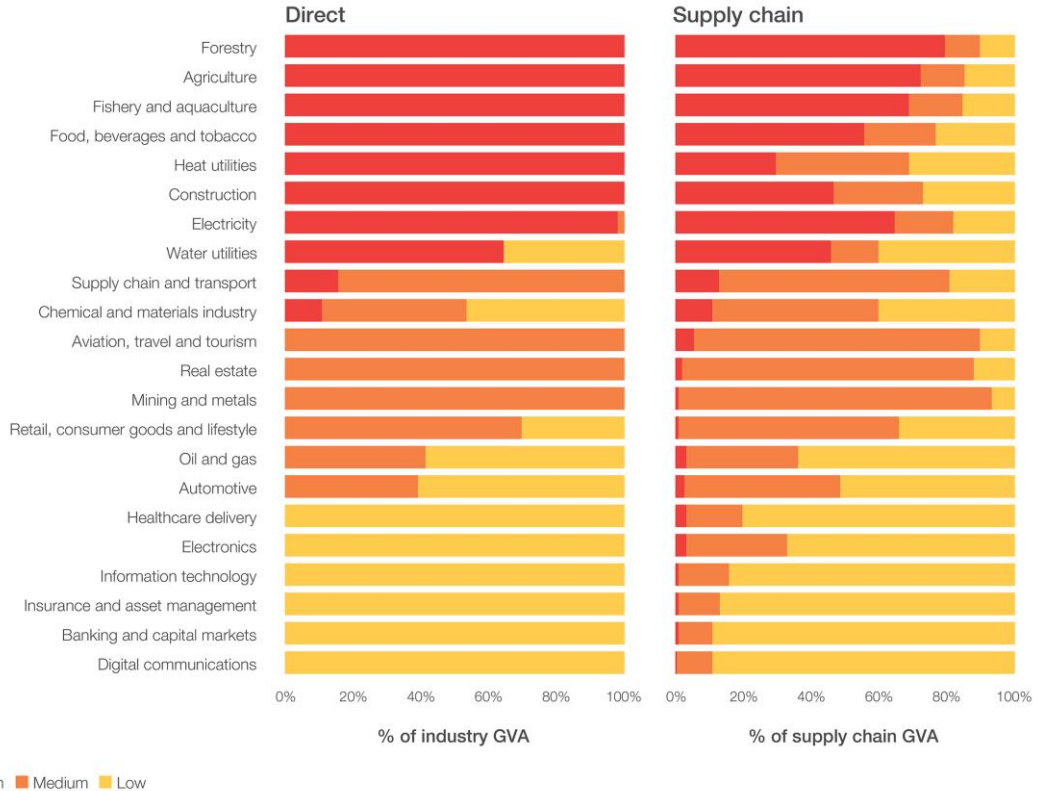
SOCIETY provides and generates human, intellectual, social and relationship capitals, and is a substantive contributor to manufactured capital. **NATURE** provides raw materials and ecosystem services.



50% of global GDP dependent on nature

- 75% of land has altered, reducing productivity by 23%.
- 66% of the ocean is suffering the cumulative impacts
- over 85% of wetlands lost
- 83% of wild mammals and 50% of plants are extinct

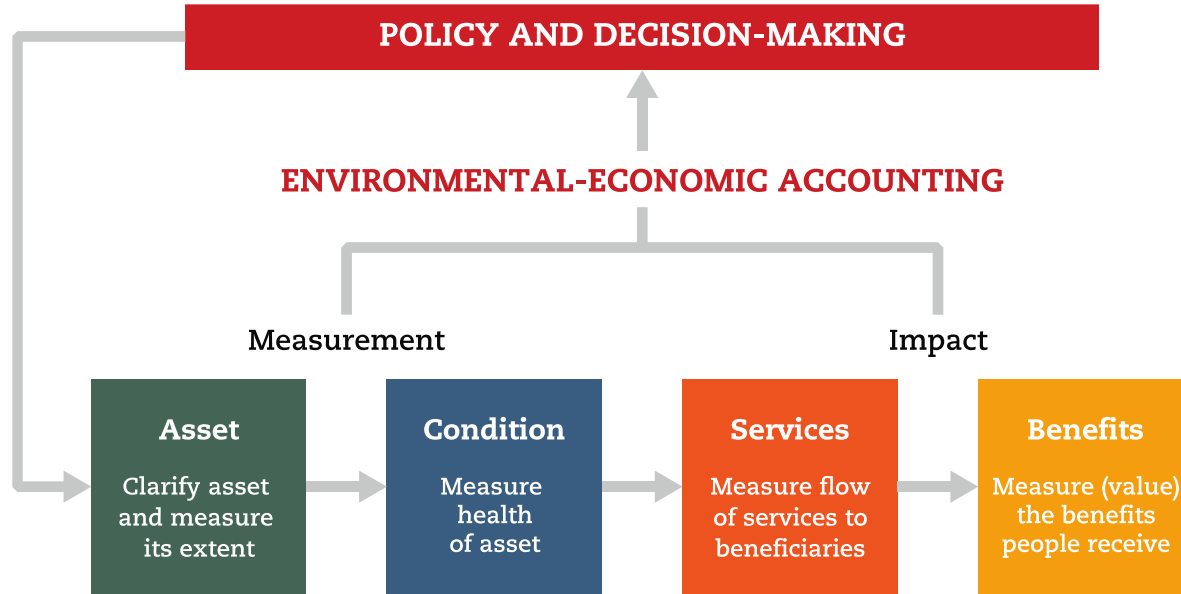
Source: PWC, WEF, IPBES, TNFD
 “Nature Risk Rising”, Jan 2020





Call from policy makers

National and organisation systems

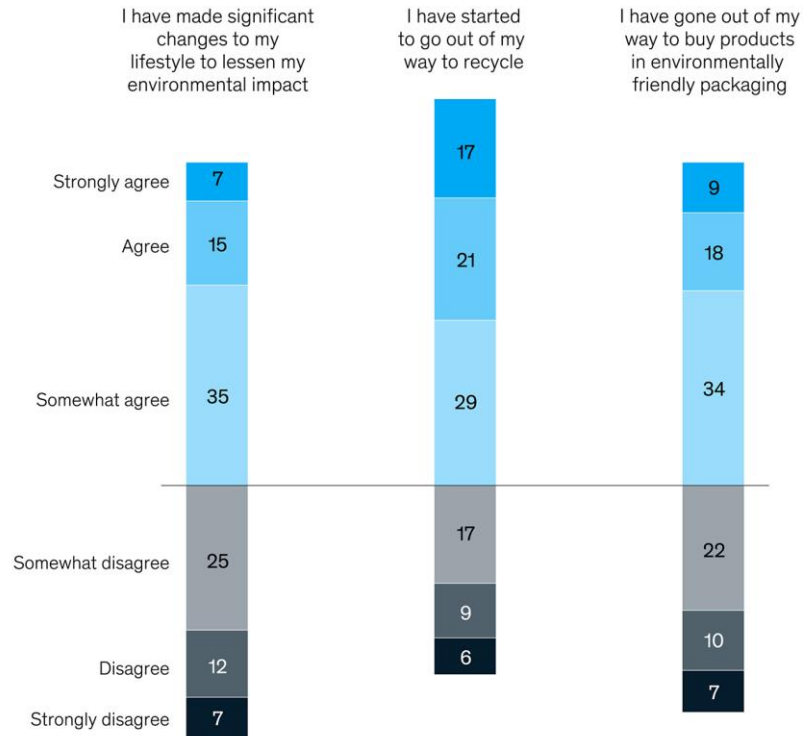


Already published			Coming later
Cross-cutting standards			Sector specific standards (coming later)
ESRS 1 General principles			
ESRS 2 General, strategy, governance and materiality assessment disclosure requirements			SMEs proportionate standards (coming later)
Topical sector-agnostic standards			
Environment	Social	Governance	
ESRS E1 Climate change	ESRS S1 Own workers	ESRS G1 Governance, risk management and internal control	
ESRS E2 Pollution	ESRS S2 Workers in the value chain		
ESRS E3 Water and marine resources	ESRS S3 Affected communities	ESRS G2 Business conduct	
ESRS E4 Biodiversity and ecosystems	ESRS S4 Consumers and end-users		
ESRS E5 Resource use and circular economy			

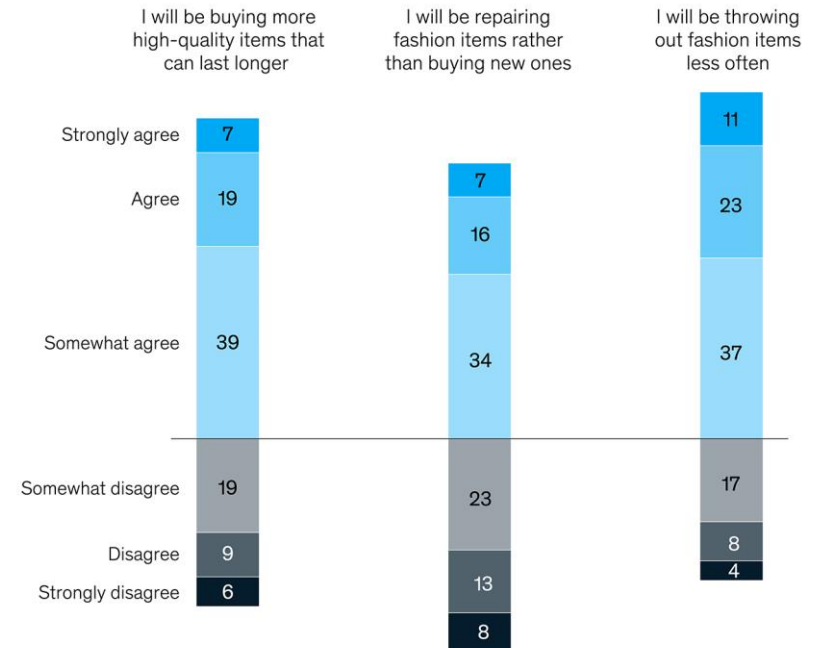


Call from society

Change in behavior during COVID-19 crisis, % of respondents (n = 2,004)¹



Changes in purchasing behavior after COVID-19 crisis, % of respondents (n = 2,004)¹

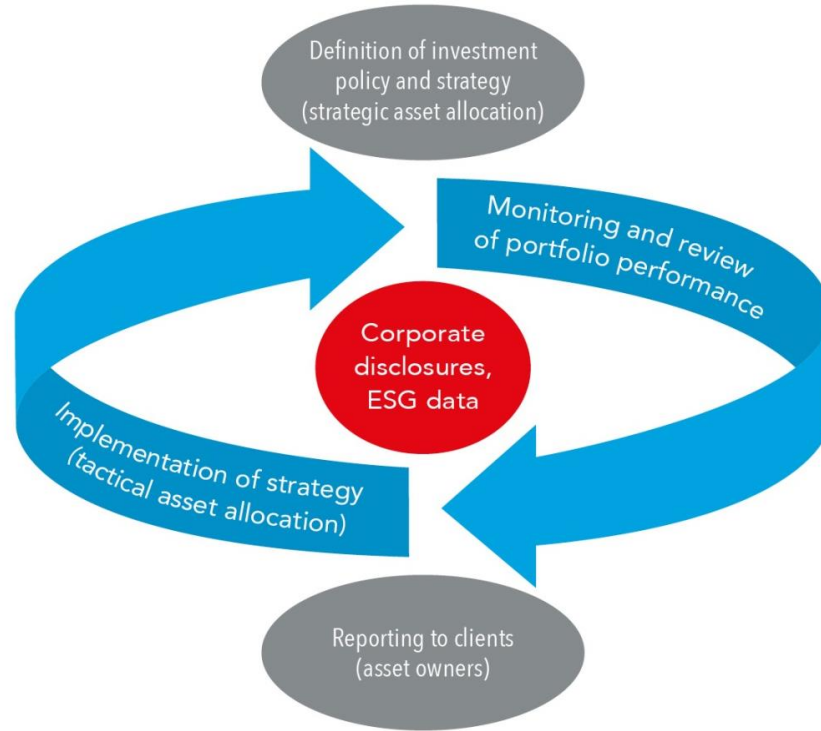


Source: McKinsey “Consumer sentiment on sustainability in fashion”

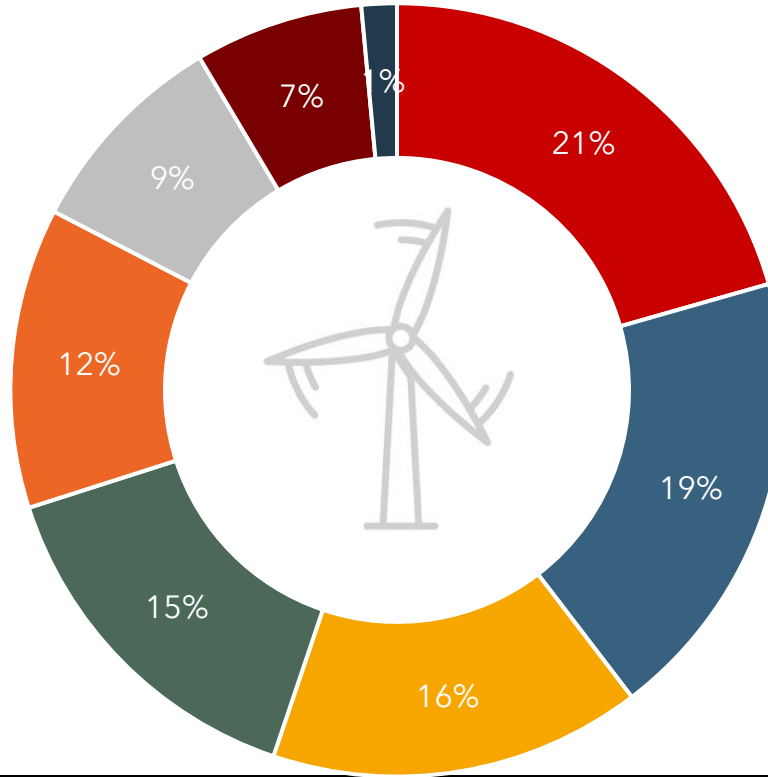


Call from investors

The demand from investors for ESG disclosures



Direct climate impact in the next five years

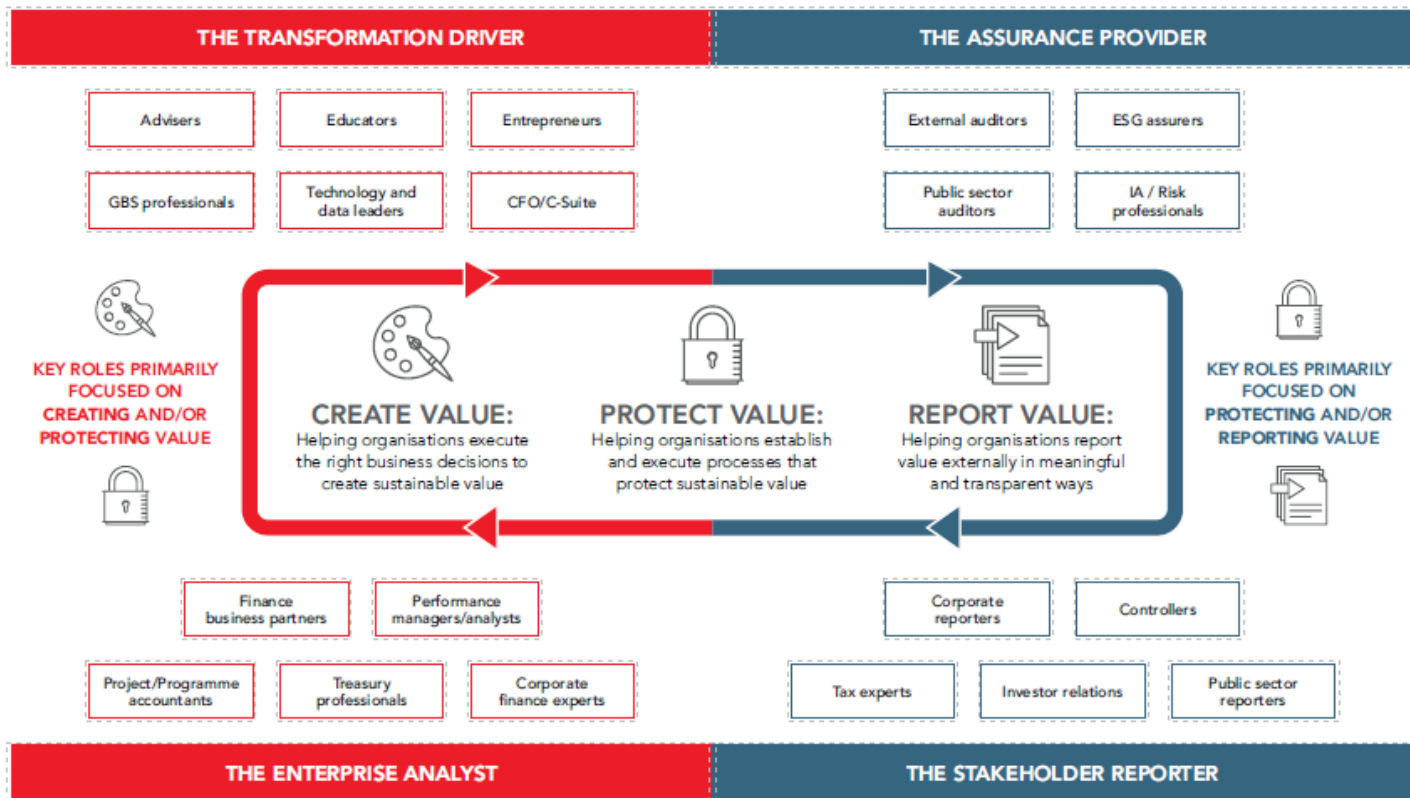


- Regulatory impact
- Physical climate impact
- Financing impact
- Customer preference

An aerial photograph of a green agricultural field with a distinct patch of yellow flowers in the upper center. The text is overlaid on a semi-transparent white rectangular box.

Why accountants need to take climate action right now



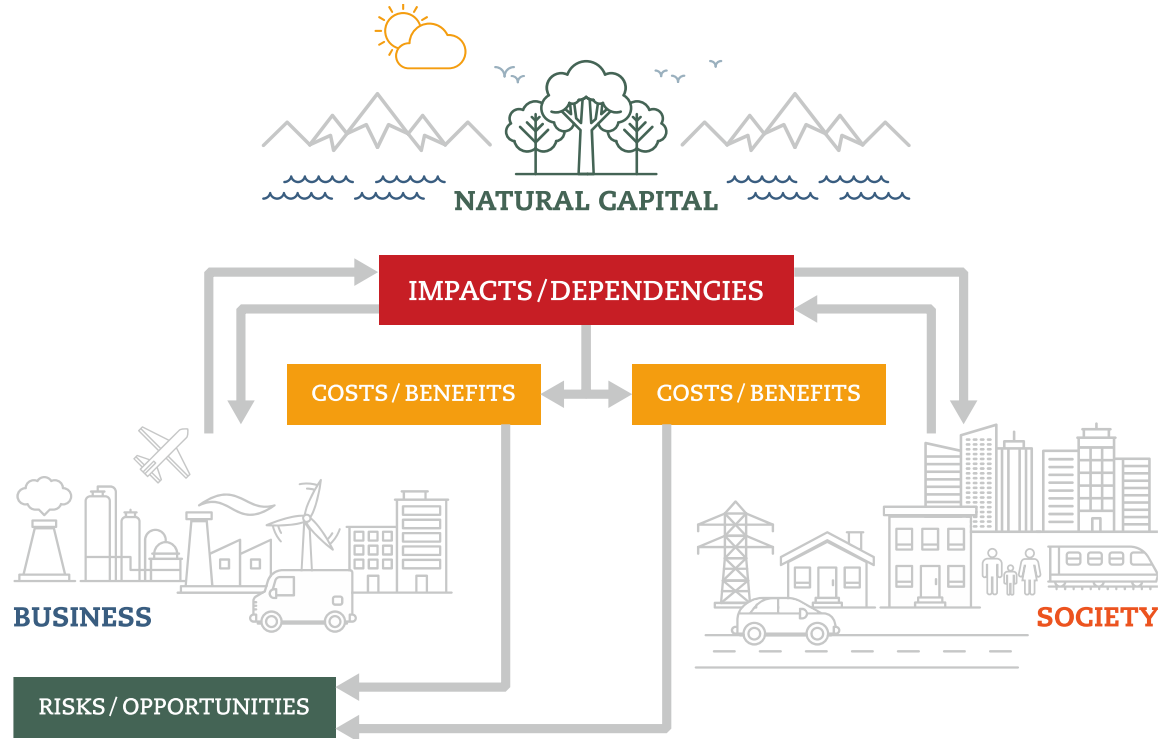


All accountants must be integrated thinkers



- Consider the relationships between the organisation's operating and functional units and the capitals used
- Lead integrated decision-making and actions related to the creation, preservation or erosion of value over the short, medium and long term.

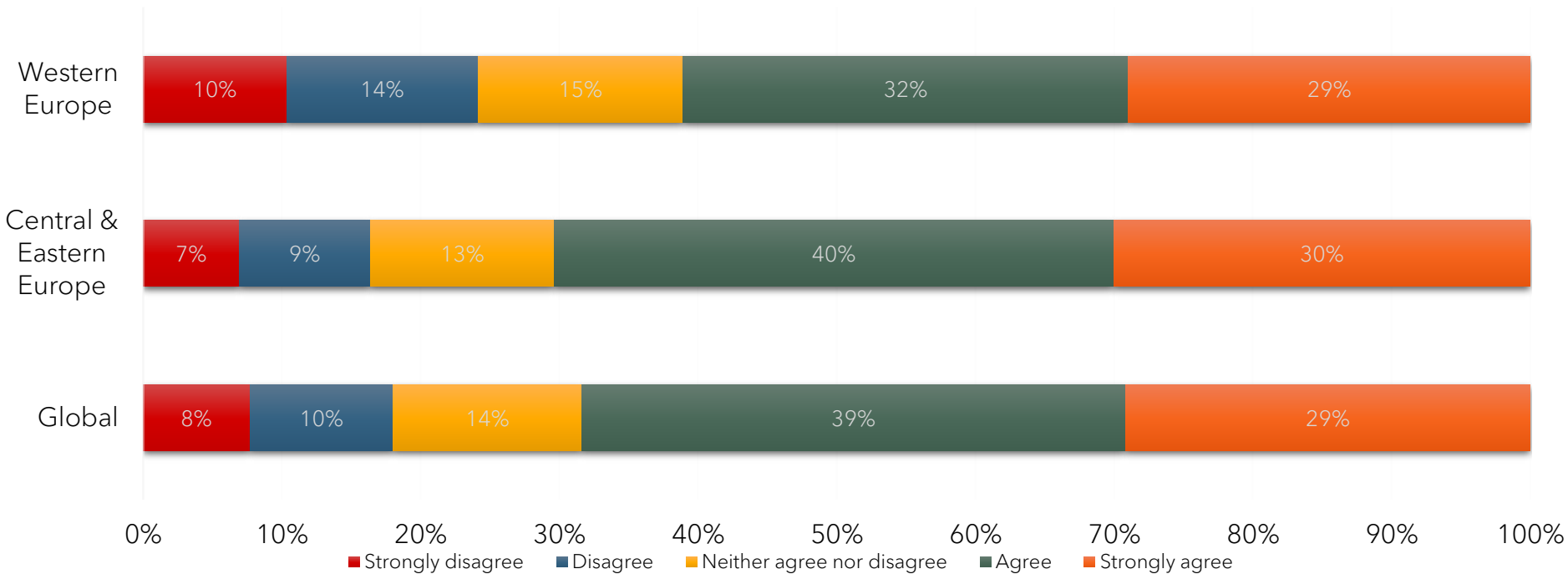
Value chain dependencies and impacts



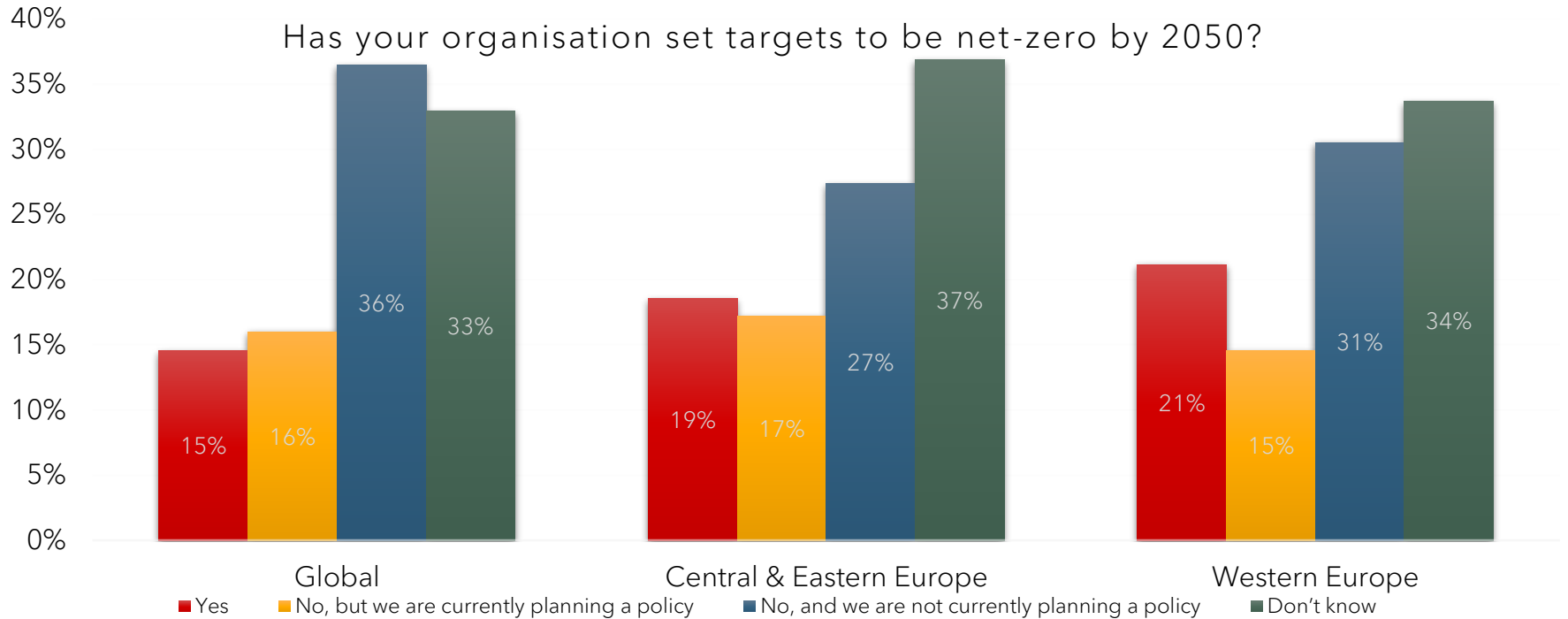


The steps individuals and firms can take to help shape sustainability plans

“Every financial decision must take climate change into account”



The road to decarbonisation



Organisations putting accountancy and finance at the heart of Climate Action



- Business strategy and governance
- Accounting frameworks and standards
- Science based targets to guide decision making
- The road to decarbonisation

Accountants taking lead and adding value





Conclusions

The role of the profession





Value creation or preservation?

Grasp the science; not wait for *more* 'signs'

- How do we make this a Board agenda now?
- How do we build Net Zero Transition plans, with intermediate targets for 2030?
- How does climate impact our supply chain in next 10, 20 years?
- Sponsor your organization's Sustainability Strategy?
- What can we do without waiting for policy interventions?
- Are we pushing hard on green opportunities?
- Are we using sustainability-linked finance?

or .. in the not too distant future

- Why are we facing supply constraints on materials?
- Why are we writing off XX amounts of stranded assets?
- Why are our customers going to our eco-primed competitors?
- Why are our bankers raising our borrowing cost or not giving new loans?
- Why are our investors selling down their stakes?
- Why are our insurers no longer giving us good cover?

Practical toolkits for SME/Ps





Our global call to action

- improve your sustainability skills and understanding
- gather resources, start a conversation and connect more widely
- consider sustainability in every decision you make
- measure performance outside of the financial statement and encourage your clients to do so
- engage with other professionals, and
- share your insights and experience widely and often.

Expertise

Key competencies identified:

- Corporate and business reporting
- Taxation
- Risk management
- Advisory and consultancy
- Audit and assurance
- Performance management
- Financial management

Expertise

Ethics

Insight

Insight

Key competencies identified:

- Critical thinking
- Planning and project management
- Innovation
- Business acumen
- Governance and control

Sustainability

Collaboration

Key competencies identified:

- Engagement
- Communication
- Inclusion
- Influence
- Stakeholder focus

Collaboration

Digital

Drive

Drive

Key competencies identified:

- Lifelong learning
- Determination
- Change orientation
- Authenticity
- Leadership

ACCA Certificate in Sustainability for Finance

Creating a sustainable future has never been more important – whether it's managing climate risk or ensuring economic resilience.

Accountants and finance professionals have a key role to play in helping organisations navigate the business of sustainability.

With our Certificate in Sustainability for Finance, you'll:

- **Understand** what sustainability is, and how to turn that understanding into action
- **Be ready** to play a leading role in embedding sustainability in your organisation
- **Acquire** the skills and knowledge to help your organisation to thrive in tomorrow's more sustainable world
- **Improve** your career prospects by gaining ACCA certification in this vital field.

[Visit learning.accaglobal.com/future](https://learning.accaglobal.com/future)

Sustainability resources and initiatives to support you:

1. [How SMEs can create a sustainable world- SME Sustainability Playbook](#)
with external links to free resources for SMEs
2. [Practical sustainability toolkits for SMEs and SMPs](#)
 - Mapping your business goals to UN SDGs
 - Supply chain code of conduct
 - Explaining environmental management systems to SME/Ps
3. [Practice Connect hub for SMPs -Growing sustainably section](#)
4. [ACCA Rethinking sustainable business hub](#)
5. [The Practice Room](#) – knowledge sharing sessions for SMPs, summaries of previous sustainability focused sessions are available



Five ways you can create a sustainable world

1. Improve your sustainability skills

Commit to developing your understanding of the sustainable business landscape and integrated thinking. Continue upskilling by completing CPD, engaging with our research and policy initiatives, and visiting our hub

2. Include sustainability in decision making

Take action for your organisation to be society and earth positive. Use integrated thinking, understand your dependencies and take steps to reduce your negative impact

3. Holistically report on sustainability

Encourage your organisation to report on all your environmental, social and governance (ESG) impacts. Drive forward integrated reporting and integrated thinking


4. Join the Big Conversation

Organise a Big Conversation event in your organisation / business / at a school or Uni. Become a sustainable business champion with ACCA.

5. Change your world

Take small steps or actions at home or at work towards a more sustainable world. Collectively we can make a big impact.

[Read more about it here](#)



Thank you
Vikas.Aggarwal@accaglobal.com
accaglobal.com/sustainable-business