

A REPORT



Open House Discussion on Social and Environmental Value Creation

June 26, 2019, New Delhi

Institute Of Directors (IOD), jointly with its Strategic partner **ACCA** – the **Association of Chartered Certified Accountants** organized an Open House Discussion - a special session on “Social and Environmental Value Creation”, on Wednesday, June 26, 2019 at Gulmohar Hall, India Habitat Centre, New Delhi.

Lt. Gen. J. S. Ahluwalia, PVSM (Retd), President, IOD welcomed the gathering and provided a brief perspective on the nature of strategic partnership between IOD, India and ACCA and on-going collaboration for value addition in each other's global engaging events. Founded in 1904, ACCA, headquartered in London, is the global professional accounting body offering the Chartered Certified Accountant qualification. He highlighted that ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development, and seek to develop capacity in the profession and encourage the adoption of global standards.

He expressed gratitude to ACCA for reviewing the third edition of IOD's “**Financial Management Handbook**” - 2019 and for their valuable remarks. The Handbook is now available online on Amazon and Flipkart. Discussion was attended by participants, from multiple sectors, such as PSUs, listed companies, mid-size companies, manufacturing companies, MSMEs and startups, et al.

At the outset, Lt. Gen. Ahluwalia provided a context to the topic of the open-house discussion, “Social and Environmental Value Creation”. He stated that Environmental, Social, and Governance (ESG) criteria are an increasingly popular way for investors to evaluate companies, in which they might want to invest. He briefed that open discussion on the topic is expected from the participants and distinguished guests. ACCA seeks views of the India Professionals, to form part of its global research.

He introduced Mr. Gaurav Kapur, CFA, Head of Policy, ACCA India and Mr. Rahul Puri, Head of Employer Relations, ACCA India. Mr. Kapur thanked IOD for its warm hospitality and support. He stated that ACCA is presently engaged in Research on 'Social & Environmental Value Creation', led by Jimmy Grear. Report will be launched on the side lines of UN Climate Change Summit in September, 2019. He stated that a number of developments have seen Environment and Social (ES) issues move deeper into the mainstream of finance. It is also demanding more effective corporate disclosures on non-financial information.

He briefed the participants that the findings from this session will contribute to the Global Research report by ACCA, on 'Social & Environmental Value Creation', which aims to identify the emerging role that the finance function has in engaging with social and environmental risks and value creation. It also aims to explore the challenges around making this a reality. What are the barriers? Where are the gaps? What is the opportunity? And also, provide a set of recommendations for CFOs and finance teams to enable them to overcome barriers, and build these skills into their work.

He stated that corporate finance teams are required to help their organisations meet increasing requirements from governments for non-financial information. Greater and a more precise environmental, social and governance disclosures from investors, from Central Bank governors and financial institutions were demanded to inform investors as to their climate risk exposure, and fast-shifting customer preferences. The new business models were required to produce products and services that meet new social and environmental expectations. At present, they lack the capabilities to put the processes in place to monitor, report on social and environmental risks and value creation. This report will look at the ways in which climate risk, natural capital dependencies, business model innovation, and social impact



Lt. Gen. J. S. Ahluwalia,
PVSM (Retd), President,
IOD delivering the
Welcome Address.

measurement and evaluation can be addressed by the finance teams.

Open-house discussion was suitably moderated by ACCA. To start with, they conducted an online survey with the present audience on the questions related to corporate business models and their role in social and environmental issues. Going further, they set out three scenarios for thinking about social and environmental issues and to provoke discussion and debate that day. The participants had a few comments and questions related to measuring and evaluation of social and environmental impacts. Participants shared their long term valuable experiences of board level engagement in social and environmental value creation.

Mr. Kapur concluded the discussion and was thankful to participants for such an insightful conversation on topics ranging from implementation challenges and Carbon Footprint; to promote ESG Compliance, Innovation, social business, and sensitization of leaders.

The discussion was well received by one and all. It was then followed by Lunch at the venue.

The recommendations from the Open House Discussion will be produced as a separate report in the ACCA study.

Compiled by: *CS Bhagyashree Bardia



L to R: Mr. Gaurav Kapur, CFA,
Head of Policy, ACCA India and
Mr. Rahul Puri
Head of Employer Relations
ACCA India moderating the session.