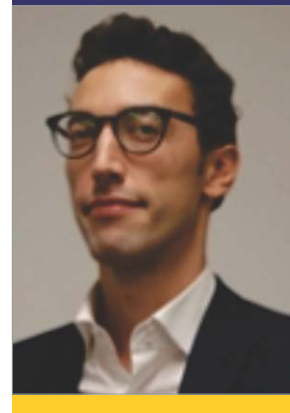


Mainstreaming Impact: Scaling a **Sustainable Recovery**

■ * Jimmy Greer



The world has been shocked by COVID-19. Beyond the current health emergency, social and economic shutdowns have destroyed livelihoods, reduced incomes, disrupted educational attainment, led to a rise in mental health problems, worsened gender imbalances, and limited access to medical care. Globally, social, economic and healthcare systems have been overwhelmed. At the same time, racial injustices have been brought into the open, with worldwide action and activism rightly demanding greater recognition and more equity for minority groups. Elsewhere, mini environmental reprieves caused by shutdowns of carbon-intensive and polluting activities were short-lived. Increasing incidence of flooding, as witnessed across South Asia, West and Central Africa and Europe, devastation caused by wildfires, as seen in the West Coast of the US, other extreme weather events, and continued biodiversity loss, are now part of daily life as potentially irreversible changes to the planet have a negative impact on people's lives around the world. These impacts are now a constant, with the only variable in their degree being geographic location. If 2020, set to be the hottest year for some regions since records began, is year zero, and environmental problems intensify, there is a real possibility that many largely populated parts of the planet will become literally uninhabitable very soon.

The pandemic has also revealed too many what was already known but largely hidden. The systems for creating prosperity were already stretched, skewed towards rewarding too few and leaving many vulnerable to various shocks and risks. Unequal access to public goods, quality employment opportunities and the means by which to live a good life have increased gaps in societies as the rungs of the socioeconomic ladder within many countries have been driven further apart. Industries rocked by the loss of income and potentially irreversible effects of the pandemic on their business models and value chains are also facing calls for doing more to help people live well, to create more resilience to shocks and to cause less harm by design. Beyond demands for less environmental damage, questions are growing

about business's role in society, its societal purpose, and the inaction of businesses in meaningfully engaging with the negative social and environmental impacts of their activities.

The purpose of business and the accountancy profession

Despite this alarming outlook, a new compact is emerging: one where positive social and environmental impact can be at the centre of mainstream business activity. Against the backdrop of COVID-19 and the changing shape of markets and global value chains, the redefinition of risks and the new resilience imperative, there is a growing convergence on how to face the concurrent crises, rebuild our economies and support societies to thrive, and to do it quickly and at the scale required. The call for better impact management, to support stakeholders, customers and communities, actively and intentionally, to flourish, is reaching its own positive tipping point.

Around the world, pioneering leaders in organisations of all sizes are making intentional and additional positive impact a part of their strategies. And investors of all kinds are starting to see impact not just as something to achieve alongside financial returns but that it can be the driving force behind what they do. Businesses can and must also be a part of this impact revolution. Mainstreaming impact will be a journey on which the accountancy profession must be an active participant, because the activities of finance teams will help to change the way businesses create and rethink value. Professional accountants have a unique view across the organisations that they work for and advise. They have the potential to perform a range of vital tasks in rethinking business to support the mainstreaming of positive impact and to foster a sustainable recovery. And as they play a role in survival and recovery from the current crisis, and striving to create greater resilience to future ones, professional accountants have the opportunity to transform 'business as usual' and align their organisations to create positive impact. They can help transform the way organisations perform by supporting product and service redesign, establishing the

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systems and processes required to propose, create and capture multi-capital value, and use their skills to help organisations understand, measure and manage their impacts. Their understanding of criteria needed for governance and interpretation of new sources of data, their rigour applied to concise and complete reporting, the credibility they provide through assurance, their ability to reimagine business partnering to create impact, and their understanding of potential roles for different technologies, can all be deployed to support this transformation.

All these skills have a role in mainstreaming impact to support a sustainable recovery and longer-term resilience that rebases prosperity creation for the 21st century. And when these technical skills are combined with both professional ethical standards and the personal conviction needed to tackle the many social and environmental challenges professional accountants see around them, they can build powerful motivation and expertise to engage with mainstreaming impact.

Survey results: professional accountants and positive impact

In ACCA's recent report, *Mainstreaming impact: scaling a sustainable recovery*, in a survey and 10-day online community discussion, ACCA members, working around the world, shared their views on why making a positive difference by tackling social and environmental issues matters to them and what the role of finance teams should be in making this happen.

In the survey, 90% of respondents supported the suggestion that organisations must increase efforts to become more environmentally sustainable and make more of a positive impact on society after the pandemic. 75% of respondents believed their organisations needed to change to do more to address social inequalities and 85% believed their organisations needed to change to do less damage to the environment. 95% of respondents agreed that finance teams needed to play a role in building a more socially inclusive and environmentally sustainable future, with almost one-third wanting finance to lead the way and almost two-thirds saying that finance should support the work of other teams. Across different regions around the world, respondents strongly felt that finance professionals should play a role in supporting their organisations. In South Asia over 50% said that finance professionals should lead while 40% said they should support. Respondents strongly agreed that part of their role, alongside supporting the reliability of impact management, was through making sure social and environmental activities were financially viable. Approximately 25% of respondents to the survey either a) did not know whether their finance team was involved in addressing social or environmental impacts, or, b) knew that finance was not involved. Among respondents in South Asia, 75% agreed that professional accountants should be involved in using data analytics to uncover areas where social and environmental impacts can be addressed. In terms of skills, current and future, over half the respondents agreed that their

current skills and training were to some extent sufficient to help their organisations manage social and environmental impacts. But 20% of respondents thought they did not have sufficient skills to help their organisations manage social and environmental impacts.

Calls to action: rebuilding prosperity through concrete commitments

There are many steps that professional accountants can take towards building positive impact into their work, skills and careers in a meaningful way. The interconnected priority areas include:

1. Recognising the value of professional accountancy competencies in addressing value-at-risk arising from social and environmental impact issues, to help uncover emerging opportunities for strengthening resilience to shocks and supporting long-term value creation.
2. Building decision-useful knowledge of the spectrum of non financial, sustainable development and impact-related issues to develop the literacy required to support organisations in relevant and context-specific ways.
3. Learning about impact management dimensions and reporting methodologies that suit different scales and sectors, relevant to their own fields of experience and interest.
4. Applying analytics skills in order to capture, refine and interpret a growing array of new sources of data relevant to impact-related decision-making.
5. Building soft and relationship skills to enhance better multidisciplinary collaboration to develop the means of supporting internal stakeholder engagement, cross functional work approaches and external multi-stakeholder groups.

Calls to action: Organisations

All organisations, working at all scales, can commit to building better impact management into their processes for creating value. The interconnected priority areas include:

1. Making board-level governance commitments to additional and intentional social and environmental positive impact creation.
2. Improving board, senior management and workforce knowledge of the role of impact management in improving organisational performance and resilience.
3. Allocating resource within finance teams and across organisations to building decision-making capabilities related to environmental and social impact. Committing to aligning to existing risk-management processes and data systems.
4. Ensuring that reporting on impact is developed by and with

finance teams so that it is balanced, complete, and concise, and has the necessary credibility to support usefulness.

5. Building systemic influence and recognising societal responsibility and network opportunities through participation in multi-stakeholder alliances and civil society networks that inform better approaches to addressing impact that are appropriate, co-created with society and scalable.

Commitments to action by organisations, combined with the support of finance teams and purpose driven professional accountants can help to rebuild from the current crisis and meet

the demands of the future.

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