

CSR Reporting and Measuring Performance: Revealing Disaggregated Data and Alike



*Ms. Lucia Real-Martin

A lot has changed these last few years with businesses adapting to new ways of working. Business leaders have travelled a good distance in a short amount of time for corporate social responsibility. So, I feel it's fair to say, now more than ever we have a responsibility to the communities in which we operate to supply a central strategy to enable the success of businesses long term.

I believe that progressive businesses are motivated by issues that go way beyond profit or loss and creating dividends for stockholders. Naturally, making returns on capital is vital to remain competitive but the best business strategy demands much more. It requires growth with a green element, to ensure our lasting health and survival here on Earth.

“Corporate Social Responsibility is all about how we face these dangers, how we build a sustainable recovery after the pandemic.”

Covid-19 has made this issue even more important in today's world. It's raised questions about how we come back from the shocks that global commerce has sustained. Covid-19 has shown us we are all in this together, and neither nations nor companies can inoculate themselves against dangers which are global in nature by acting alone.

The pandemic called on us to shape a new way of doing business that reflects the threats facing our common survival.

And it's not just about climate change.

A respect for Corporate Social Responsibility also requires a regard for social inclusion, because growing inequalities within societies are a threat to all people, everywhere. Growing inequalities between nations are a danger to the world.

Corporate Social Responsibility is all about how we face these dangers, how we build a sustainable recovery after the pandemic.

As leaders, we must decide how we react to these threats of climate disaster, as well as how we address the pressing need to make sure that all people, everywhere, are included in long-term economic stability.

These are the issues we are facing today. It is not possible for everyone to do everything but it is possible for everyone to do something. Let me explain what that means for us at ACCA.

It starts with promoting a new way of measuring success. It's about a new way of keeping score in business. After all we are accountants, and keeping score is part of what we do. Although, how we achieve this has changed and continues to change.

It used to be a big part of an accountant's job to produce reports that shed light on a business's performance at any one time. It reflected business reality.

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Although this is still a core part, accountants do more. As leaders who are best-placed to judge an organisation's long-term health and sustainability, Accountants and finance teams bring together a broader view of a business's operation. Their role is strategic, with eyes fixed on the future rather than what's happened in the last quarter or year. Accountants are charged with shaping a business's future rather than recording what it's already achieved.

I feel that more and more businesses are including corporate social responsibility at the centre of their strategy for two reasons:

1. The first is moral and ethical. Business people, like all people, know that the planet is in peril, and they want to ensure they are part of the solution, not the problem.

But there is more to it than the moral and ethical dimension.

2. Every single person in the audience today owns a duty and a responsibility to their business to defend and promote their commercial interests.

But there is no conflict between those aims and the drive for sustainability.

There is a compelling business case too.

This is about risk.

It's about the danger of reputational damage, and the danger that by not doing enough, customers won't want to trade with a business, investors won't want to invest, and people won't want to be employed by the business.

This is happening now, as more big institutional investors widen their criteria for allocating capital to include many more measures than simple profit and loss. There is a revolution in how value is measured in business, with an ever-growing emphasis on CSR measures.

Put it simply, the way in which we keep score in business is changing, and I believe that the clamour for more change, for greater emphasis on sustainable operations will only accelerate.

The pressure for more action on CSR issues is coming from above and below. Boardrooms, investors and consumers are ever-more discerning with how they choose to spend their money and who they choose to spend it with.

I believe that as the climate crisis worsens and inequality widens, these attitudes will become more prevalent and more powerful.

And I know that business gets it.

In ACCA's report Mainstreaming impact – scaling a sustainable recovery, 90% of people we surveyed around the world agreed that organisations must increase efforts to be more environmentally sustainable, and to make more of a positive impact on society.

For me, the success of our efforts to build sustainable businesses rests on how we measure good performance.

It's about how the market responds to what businesses do and about which businesses are rewarded or penalised for their efforts on CSR issues.

As mentioned earlier, it's changing the way we keep score and how we view what value means to us.

To do that effectively and efficiently it's important we can agree a global framework of standards that is easy for every business to understand. That is why ACCA are proud to support the global Value Reporting Foundation.

It is forging a global consensus on the direction reporting needs to follow, building on existing standards and bringing them together, into a coherent, integrated whole.

It's about making regulation and reporting more consistent and universal - replacing the broken puzzle of ill-fitting pieces with one clear picture of effective measurement that makes sense to every business, all around the world.

It's also about promoting the concept of the integrated report, which is a crucial tool in letting the sunshine in on a business's activities.

It's about recording performance and results in a clear way, so that investors - and everyone and anyone who wants or needs to know how an organisation is operating - can find all the information they desire in one location. It is the only way a sustainable market can function efficiently – by giving investors and consumers all the information they need to make good decisions.

It's the only way we can ensure that responsible, sustainable businesses are rewarded in the marketplace, and the best way of sending a corrective message to poor performers.

This is critical, because unless we can agree on a clear view of how we account for our actions in business, we are all lost in the smoke of confusion.

Finally, we really are all in this together, as leaders and as citizens of the world. ■

***Ms. Lucia Real-Martin** is the Executive Director - Relationships for ACCA (Association of Chartered Certified Accountants). She is also a member of ACCA's Executive Team, driving ACCA's development across regions and markets including China, India, UK, Africa, Asia Pacific, and EEMA (Europe, Euroasia, Middle East and Americas) as well ACCA's partnerships and recognition globally.

