

## **PODCAST 4: Seeking sustainability: The role of qualified accountants.mp4**

**1 Dr Thereza Raquel Sales de Aguiar [00:00:09]** Hello, I am here today with Rebecca McCaffry from CIMA, she's Associate Technical Director, Research and Development at CIMA. So thank you very much, Rebecca, for your time and for sharing your experience in the area. I am very grateful and I'm sure the students will be when they watch these videos. Thanks a lot.

**Rebecca McCaffry [00:00:42]** Oh, thank you, Thereza. It's great to be here. Thank you for inviting me.

**Dr Thereza Raquel Sales de Aguiar [00:00:47]** That is wonderful. Thanks a lot. So I would like to start this conversation asking in your view, what is corporate social responsibility?

**Rebecca McCaffry [00:01:03]** OK, so corporate social responsibility, CSR, we like to call it because we're accountants. We like to use the the acronyms. For me, CSR is all about accountability to wider society. So, of course, as a business, we exist to make money. That's the purpose of a business, of course. But a responsible company also needs to be conscious of its impact on the wider business ecosystem. So it's about the social and the environmental impacts as well as the economic impact. So a responsible business will be open and transparent about the way in which it reports these impacts and the actions that it's taking to manage them. Because, of course, you know, an impact might be a good impact, positive impact. There might be a negative impact. But what are you doing to manage these impacts? So a good example of this would be understanding human rights issues in your global supply chain. So what are you actually doing to ensure that not only everybody who works within your business, but the people who also contribute to the success of your business? How are you treating them? Are you treating all of those people fairly? Because you have to remember, that a business is not just about the people in the office, the people in the factory. It's much, much wider than that.

**Dr Thereza Raquel Sales de Aguiar [00:02:29]** Thank you. Thank you, Rebecca. So now I'm going to ask another question that is related to the first one. So in your view, what is sustainability?

**Rebecca McCaffry [00:02:40]** So sustainability. I mean, it's a very related concept, isn't it? So when we talk about sustainability, we see it as having three components. So we talk about the economic, environmental and the social components of sustainability, or sometimes we call it the three piece, so profit, planet and people. And sometimes you will say, hear this referred to as the triple bottom line. So sustainability is all about promoting economic growth and prosperity so that's your profit so as we know were accountants so when we talk about the bottom line, that's your profit. So that's our traditional bottom line. But it's also about protecting the planet and the people on the planet. Now, if you think about this on a global scale, think about something like the UN Sustainable Development Goals, and I'm sure many of you are familiar with those and if not, do have a look at them. Very, very interesting. So 17 goals and the idea of these SDG Sustainable Development Goals is to bring business, government and society together with shared aims, so the shared aims of ending poverty, ending hunger, ending conflict and inequality. So the idea is to ensure that prosperity and opportunity is there for everybody. So that's, you know, so everything is sustainable. So people, planet, profit all working together. So it's very, very

interesting, really worth looking at increasingly important in this day and age. And it's great to see wider recognition that it is so important.

**Dr Thereza Raquel Sales de Aguiar** [00:04:21] So now coming to your area. So in your view, how important is a knowledge on CSR and sustainability for accounting qualifications?

**Rebecca McCaffry** [00:04:35] Okay, so I work for CIMA and I'm a CIMA qualified management accountant myself, so I can tell you for management accountants it's absolutely crucial. So management accounting is all about decision making at the end of the day and providing the information the business needs to make those decisions. And the really important part of this is understanding the impact of the business on its wider environment, whether that's the people in your supply chain or the effects of business activities such as mining and forestry, the impact that's going to have on the natural environment. And accountants have got a really important role to play in measuring, managing and communicating those impacts. Now, as management accountants, we focus as much on the non-financial aspects of a business as the financial. So that's why we're particularly interested in this area and have been for a long time.

**Dr Thereza Raquel Sales de Aguiar** [00:05:35] Fantastic. So is the knowledge of CSR and sustainability asked in accounting qualifications exams?

**Rebecca McCaffry** [00:05:45] Well, in the current CIMA syllabus you know I can't really speak for the others, but I can speak to you about CIMA. In our current syllabus, we introduce CSR and sustainability right at the beginning. So as part of our certificate qualification and we then come back to right at the end of the professional qualification when we're at the strategic level. So we're thinking about how do you run a business? How do you consider the different impacts your business is having? So it's the very high level stuff, the kind of work you'd be doing if you were a CFO or a Finance Director. So we come back to it at the end. It comes in at the beginning and it comes in at the end. But in between we focus as all good management accountants do on the financial and non-financial aspects of business operations, which of course includes many, many environmental and societal factors. So our syllabus reflects the needs of today's businesses. So we need to produce management accountants who are ready for business, ready to go into the world of work. So going forward, CSR and sustainability are going to be even more important. Now, like all the universities, we do review our syllabus often and we're actually just moving into that process now. And from what all of our stakeholders are telling us, you know, CSR and sustainability, ESG hugely important going forward.

**Dr Thereza Raquel Sales de Aguiar** [00:07:12] Fantastic. So in your view, how relevant is CSR to the professional life of a qualified accountant?

**Rebecca McCaffry** [00:07:24] Well, I just mentioned another acronym, ESG, which stands for Environmental, Social and Governance. So the government aspects, governance aspect being how well you manage your business. And there's growing understanding among finance leaders that these ESG issues are going to be absolutely fundamental to the survival of their businesses. And we're actually seeing more and more new roles for accountants emerging. So sustainability accountants know this is a new thing. If we think about environmental costing, you know, I mentioned the Sustainable Development Goals to achieve a goal, as we all know, you need you need some KPIs, you need some targets. How do you measure those targets? How do you how do you measure your progress

against those targets? How do you identify what the target should be in the first place? So there's a real role for accountants in that regard. So, as I said, we're seeing more and more sustainability accountants emerge and we're even seeing sustainability CFO's. So this huge opportunity for finance professionals to take on these new roles. And if we think about the way that the finance profession is changing the impact of automation, for example, so it's taking away a lot of the transactional aspects of accounting that Thereza you and I will have done. When we started out in accounting, we did a lot of work that people joining the profession today don't have to do because it's all automated. So actually, how do we how do we fill that gap? What do we do with this new time that we've identified? So we all need to look for new ways of adding value to the businesses we work in. And I actually think that moving into the sustainability space is a really, really great way to do this.

**Dr Thereza Raquel Sales de Aguiar** [00:09:10] Then I'm going to the other question, which is, do you have any examples of how a qualified accountant can make the use of information on social and environmental issues?

**Rebecca McCaffry** [00:09:26] Yeah, well, there is several ways, I mean, firstly, we need to gather the right information. Now, this can be a bit of a challenge in itself because ESG related information can come from a huge range of sources. You know, it doesn't just come out of the finance system. It's going to be all around the business. It's going to be outside the business as well. So we might need to build some new tools and some new dashboards for the business to use. And then once we've got this information, then we've found a way of presenting it. And we need to ensure that we're communicating it in a way that can really be understood by the business, because it's not always straightforward information. It can be a little bit confusing. It gets quite sciencey, doesn't it? Some of the environmental information you think, oh, this is this is quite difficult. You know, it's a number, but I don't really understand what it means. So how do we communicate this in a way that the business can understand and the leaders of the business and people at all levels of the business. And then we need to think about how can the business act on this information? How are we going to use it? Because it's one thing having the information, if you don't use it, it's useless, isn't it? So if we think about something like a climate related issue, like carbon emissions, we can see that accountants have got a really important role to play in measuring and disclosing and reporting emission. But actually, we could take that a little bit further so we can identify ways to lower these emissions and perhaps we can find a way to lower our emissions and reduce our costs, because at the end of the day, everything's got a financial impact somewhere along the line. And as accountants, we will always come back to finance at the end of the day. So you know do we how do we use this information to add value?

**Dr Thereza Raquel Sales de Aguiar** [00:11:18] And how a qualified accountant can make a difference in terms of CSR?

**Rebecca McCaffry** [00:11:25] So with CSR, I mean, reporting has always been a key part of what we do as accountants and as experts in financial and non-financial performance, management accountants particularly can influence what's included in CSR reporting and also how the organisation's CSR activities are measured and communicated to the investors and to the other stakeholders. So that's how I think we can have impact.

**Dr Thereza Raquel Sales de Aguiar** [00:11:54] And how about sustainability? How can we make a difference on sustainability?

**Rebecca McCaffry** [00:12:00] Now, this is an interesting one. So it's sustainability teams produce a lot of numbers. And, you know, as we as we've spoken about that know, not always numbers that we're familiar with. So if we think about sustainability, the reporting of sustainability metrics is often geared towards public relations for the business, you know, so it's more on the on the sort of corporate communications side of things. Now, accountants, we like numbers. We like numbers a lot. But, you know, we don't always understand the story behind these numbers, particularly when they're very scientific numbers that we don't really understand. So I think the way we can make a difference is by working more closely with sustainability teams so we can then apply accounting rigor to the data. We can understand it better. And perhaps we can have we can identify some new sources of information and we can analyze the external risk environment, which is something we're very good at doing. And then we can use all of this to integrate sustainability more closely into the wider business strategy. Because if we have this oversight of the business, because at the end of the day, everything has a financial impact. So we as accountants are very well placed to take the the bird's eye view of the business, if you like, that we can see how things can be done a little bit better.

**Dr Thereza Raquel Sales de Aguiar** [00:13:25] Exactly. Thank you so much. So how do you see the relationship between accounting profession and CSR? And later, only if you can do the same with sustainability. That would be wonderful.

**Rebecca McCaffry** [00:13:41] So, yes, this is an interesting question. So as accountants, as professional accountants, we sign up to a code of ethics which guides our professional lives. But of course, a company might produce amazing CSR reporting externally. And with such a good business, you know, we recycle everything. We treat people in our supply chain well. You know, our our people are so happy. But actually, when you look at the business internally, it might be a different picture, you know, might be a little bit toxic, might be unethical internally. So this is a little bit of a difficulty for us as professional accountants because as part of our code of ethics. We need to call out this unethical behavior when when we see it. So, yeah, that's I think that's a little bit of a difficulty with the CSR side. If it becomes too much like PR, too much public relations, you know, so that can be a little bit of an area of of difficulty. There's something we need to keep an eye out for. As I said, if we work more closely with sustainability teams, we can apply the accounting rigor to the to the sustainability information. And hopefully that would translate through into more appropriate CSR. Now addressing ethical issues within the business is a little bit more difficult. So if we think about ethics as doing the right thing for a professional accountant, that means acting with objectivity, integrity and professionalism. Now, for a business, doing the right thing is around the way that employees behave and the business operates and the business treats its its people, its its wider stakeholders. And from a sustainability perspective, if we don't do the right thing for our business, it will cease to exist. If we don't do the right thing for our planet, it will cease to exist. So actually it all comes back to people, planet and profit. At the end of the day, you can't focus on just one of these elements at the expense of the other two. But I do think as accountants, we do have a do have a professional obligation to make sure, you know, both we and our business are doing the right thing. So definitely something that we need to keep an eye on.

**Dr Thereza Raquel Sales de Aguiar** [00:16:12] Great. So would you advise students to check social and environmental information of an organisation to which they want to apply for a job and why?

**Rebecca McCaffry** [00:16:27] Well, I think absolutely because you want to make sure that you're working for a responsible employer and, you know, social and environmental

information is a good way of, you know, it's a good indicator that they are a responsible employer. Obviously, you don't know what a business is like until you're inside it, but it's definitely a good way of finding out a little bit more about the business. Now, I'm not saying you need to go through and check all of their carbon emissions data because there's better ways to spend your time if you're preparing for an interview. But I think it's really useful to have some background information to talk about, to show the employer that you're really interested in working for them because, you know, CSR reports are not always that easy to find on the website. You have to dig around a little bit for them. But it does give you something different to talk about if you've got a particular initiative that they're doing that you you're very interested in. So, yeah, absolutely. I would look into it. You should always do your due diligence. I mean, like to take something from another profession. But, you know, we do need to do our research before we go to a job interview. So. Absolutely, definitely.

**Dr Thereza Raquel Sales de Aguiar** [00:17:37] Do you have any additional advice for accountants, accountancy students on issues related to CSR and sustainability?

**Rebecca McCaffry** [00:17:47] OK, well, I think, as I said, there's a lot of opportunity going forward. If you're an accountant with an interest in sustainability and, you know, beyond the interest in sustainability that we should all have, there is great opportunity to move into that part of the business. We have lots of at CIMA we have lots of CSR and sustainability resources for students to access, which I can share with you. I think the important thing to remember is that accounting isn't just about the numbers. It's about understanding the story behind the numbers. Yes. What are these numbers telling you? And is there more there that we need to find out? And that's one of the great things about being an accountant, I think.

**Dr Thereza Raquel Sales de Aguiar** [00:18:37] Thank you so much for the wonderful conversation. And I'm sure the students will enjoy a lot as much as I did. Thank you so much.

**Rebecca McCaffry** [00:18:47] Thank you Thereza. Thank you.