

## Achieving the SDGs: Global Accountancy Profession's Contribution

*In the year 2015, the United Nations Member States adopted seventeen Sustainable Development Goals (SDGs), also known as the Global Goals, as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. These were officially adopted at a UN summit in New York and became applicable in January 2016. The SDGs touches all aspects of our lives and calls for contribution from different segments of business and society including from accounting profession. Subsequently, International Federation of Accountants, wherein the Institute of Chartered Accountants of India is a founder member, documented The 2030 Agenda for Sustainable Development - A Snapshot of The Accountancy Profession's Contribution. To know more, continue reading...*



International Federation of Accountants, supported by the discussion of the IFAC PAIB Committee and the input of the IFAC PAO Development Committee, identified that there are at least eight SDGs wherein opportunities exist for the global profession to contribute.



### Goal 4: Quality Education

*- Ensure inclusive and equitable*

*quality education and promote lifelong learning opportunities for all.*

#### 1. The 2030 targets for this Goal most relevant to the profession include:

- Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.

- Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.

#### 2. The profession's priorities in delivering quality education

Relevant, equitable, and affordable education is widely recognised as a critical factor in ending extreme poverty and enabling economic development. PAOs are clear champions for this Goal.

Currently, the profession is:

- Working toward meeting the global demand for accountants with a range of skills – technical but also leadership, business, and entrepreneurship-related skills. Providing relevant professional education and skills is at the heart of the

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profession and its capacity building efforts; and

- Providing continuing professional education to accountants throughout their careers, helping them maintain relevance and a positive contribution to sustainable outcomes.

### 3. Key considerations

- Undertake initiatives to boost the profession's talent pool. To further strengthen the relationship between a developed profession and economic prosperity, it is important for the profession to continue finding innovative ways to create opportunities for those with talent and ability to qualify as professional accountants. Developing and expanding accountancy education through strong PAOs is a key focus of the profession's efforts to enhance capacity and open up the profession to others. It also involves providing relevant training and support to professional accountants who can work effectively in business and the public sector.
- Identify innovative ways to contribute to societal goals, such as increasing financial literacy. An increasing number of Professional Accounting Organisations (PAOs) have programs to develop financial literacy within society. Improving financial literacy is key to broadening access to financial services, a key requirement in many Goals and a necessary factor for gender equality.

- Consider how to address inequality in the rates of men and women entering the profession. To enable equal access, take steps to understand and remove any gender-based constraints within the educational systems that deter women from entering the profession.



#### Goal 5: Gender Equality - Achieve gender equality and empower all women and girls

*empower all women and girls*

##### 1. The 2030 targets for this Goal most relevant to the profession include:

- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life.

##### 2. The profession's priorities in delivering gender equality

A diverse profession is a resilient profession. In many countries fewer women than men enter the accountancy profession. Equally important, the rates of women reaching leadership roles in accountancy and finance are often low. There have been important successes in some nations and regions – women make up 75% of accountants in Singapore, 69% in the Philippines, and more than half of all new CPAs in the US. But the problem is not yet solved – especially when looking at leadership positions. For example, in the US, while women represent almost half of all professional staff at accounting firms, only 21% of all firm partners are women. Although well below gender parity, this is a high proportion within the profession globally, much higher

than in emerging and developing economies, where women comprise less than 5% of partners in accounting firms.

### 3. Key considerations

- Champion diversity, especially in gender, through programs to attract, retain, and – in particular – advance accountants, and advocate for working environments and non-traditional career paths that appeal to female accountants of the future.
- Create partnerships and support initiatives to increase the number of women in accountancy and finance, as well as in broader finance and business leadership roles.



#### Goal 8: Decent Work and Economic Growth -

*Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all*

##### 1. The 2030 targets for this Goal most relevant to the profession include:

- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% GDP growth per annum in the least developed countries.
- Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small, and medium sized enterprises, including through access to financial services.

## 2. The profession's priorities in delivering decent work and economic growth

Economic growth has a wide impact on many of the SDGs, including ending poverty (Goal 1). This SDG highlights two different but related elements for the profession's attention.

The first is the need for accountants to deploy their professional skills and competences to help foster resilient and responsible organisations. Business in the 21<sup>st</sup> century requires responsible leaders who direct company strategies and operations with a view to achieving sustainable economic, social, and environmental performance.

The scope of influence of many accountants working in business and the public sector affords them an important role in facilitating responsible behaviour and decisions leading to resilient and successful organisations. As finance professionals, they need to ensure that short, medium, and long term financial, social, environmental, and reputational consequences are taken into account in decision making.

The second and broader element is the contribution of the profession to greater prosperity and improved living standards. Research conducted by the Centre for Economics and Business Research for IFAC associated the size and growth of the profession with the development of economies. The profession's impact on better information, reporting, measurement, and decision making is decisively associated with improved living standards and the health, well-being, and prosperity of nations and their citizens. Where developed, the profession is an important

influence on the creation and maintenance of strong and trustworthy institutions, which are ultimately the basis for improving people's welfare.

The profession's capacity to address constraints to sustainable growth – such as fraud and corruption, poor public sector governance and financial management, poor accounting and auditing practices – is important as these directly affect the drivers of economic development, including domestic and foreign investment. Providing high-quality financial and non-financial information is a significant support for achieving sound capital markets and resilient companies, as well as for effective and efficient public service delivery.

## 3. Key Considerations

- Enhance awareness among accountants of the SDGs and the opportunities they create, and help foster the significant contribution of the profession to economic growth. The profession's contribution to sustainable economic growth will be greatly enhanced through the individual contributions of accountants around the world. Through their qualifications and continuing education, PAOs can equip their members with sustainable business practices, enabling them to respond to a range of sustainable development challenges.
- Continue the commitment and effort to build the capacity of the profession and of PAOs, especially in jurisdictions that are currently unable to fully meet economic needs. Creating inclusive

opportunities for people to become accountants provides direct support to the development of economies. It helps set the right conditions to make investment in infrastructure, provide the foundations of sustainable growth, and facilitate transparency and accountability. PAOs can also proactively promote policies that encourage entrepreneurship and job creation, and the protection of people.

- Support the development and adoption of globally accepted standards for financial reporting for the public and private sectors, auditing, and ethics, to facilitate trans-border investments, transactions, and common global practices. The implementation of international standards improves the reliability of financial information, capital flows and investments, and cross-border trade, which ultimately help emerging economies increase their participation in the global economy. Coupled with transparency, this also helps build public access to information.



### Goal 9: Industry, Innovation, Infrastructure

- Build resilient

*infrastructure, promote inclusive and sustainable industrialisation, and foster innovation*

### 1. The 2030 targets for this Goal most relevant to the profession include:

- Upgrade infrastructure and retrofit industries to

make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological, and technical support to African countries, least developed countries, landlocked developing countries, and small island developing states.

## 2. The profession's priorities in delivering industry, innovation, infrastructure

This Goal highlights the interconnected nature of all the Goals. Transformational change in infrastructure, including in the energy, transportation, and building sectors, to meet climate change goals will require large-scale private sector engagement. This clearly demonstrates that climate change mitigation policies need to be considered in a broader policy context that covers an enabling investment framework through partnerships.

Accountants in business and government enable confidence in financing infrastructure by providing critical services in decision analysis, due diligence, business advice, anti-corruption and money laundering activities, as well as through integrated reporting. They are in a unique position to make a business case for investment in infrastructure

development, in both private and public sectors, that integrates sustainability and value creation within the decision-making process.

The involvement of accountants in supporting investments in research and development (R&D) is also important to help ensure such investments are well managed and deliver against objectives. Within the R&D process, accountants will typically be involved in identifying projects that support strategy, planning, design, and production decisions that meet needs while also being cost effective, and then evaluating the effectiveness of the R&D carried out.

## 3. Key Considerations

- Facilitate the profession's contribution to integrated reporting as a means to re-balance economic and capital market decision making in favor of long-term value creation and investment, as recommended in the B-20's report. The critical role of accountants in business in bringing about a multi-capitals approach to value creation through integrated reporting is covered under Goal 12. Accounting for sustainable development through integrated reporting is undertaken in the context of strategy, how organisations create value, and how capital allocation decisions are ultimately affected.
- Identify and evaluate opportunities for investment in new technology and infrastructure to enhance the sustainability of organisations. The re-balancing toward long-term value creation is also encouraged by providing an enlightened contribution to sustainable development through applying relevant management, reporting, and accounting practices that support targeted R&D and innovation. To this end, accountants in business can support ongoing thought leadership on the technical aspects of value creation and investment appraisal.
- Accelerate efforts to influence and drive sound public and private sector governance and financial management. While infrastructure investment has a multiplier effect, enabling exponential economic development, there is an acute problem of underinvestment in public infrastructure in many countries, regardless of level of development. Too often, poor governance and public sector financial management inhibits investment. Accrual accounting, which involves the proper valuation and recognition of assets, also facilitates better utilisation of those assets and strengthens resource mobilisation.



## Goal 12: Responsible Consumption and Production

- Ensure sustainable consumption and production patterns

### 1. The 2030 targets for this Goal most relevant to the profession include:

- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

### 2. The profession's priorities in delivering responsible consumption and production

Private sector expectations have clearly advanced to higher level with the SDGs. A recent trend is for codes of corporate governance to highlight the responsibility of directors for their company's sustainable success by taking long-term objectives into account in their decision making. The implication is that delivering value to shareholders is an outcome of a company's business model and activities, not the primary objective. The new normal is an expectation that organisations deliver a net-positive contribution to the environment, economy, and society rather than merely being "less bad" than competitors.

Goal 12 is particularly relevant to accountants in business. Integrating sustainability into business and corporate governance is key for seizing the most important business opportunities presented by the SDGs and reducing risk. For companies to seize the SDGs as business opportunities, they

need to view sustainability goals as a part of the fabric of their organisation – an integral part of financial, strategic, and operational goals.

Accountants in business need to build on their traditional role of optimising business processes and avoiding waste and stay abreast of innovation and emerging technologies in their industry to make sure that they are supporting the development of products, services, and processes that are profitable and contribute directly or indirectly to the SDGs.

Goal 12 will also place a new demand on corporate reporting, and require a new level of transparency that needs to demonstrate how corporate objectives and activities contribute to responsible consumption and production.

The information and analysis accountants in business provide to support decision making needs to include a more expansive understanding of the disparate sources and drivers of longer-term value to enable better strategy development and implementation through changes to the business model. Financial reports are critical but not sufficient in discharging a governing board's duty to be accountable. Integrated thinking and reporting provide the means and additional incentives for CFOs, and their finance teams, to focus on the information and the decisions that matter to a company and its potential success.

The profession has a significant role in facilitating responsible organisations and markets that can better serve society and thrive over time. There is a

long way to go before business and industry can make a full contribution to sustainable development wherever they operate, and accountants in business have significant scope to enhance their contribution to this process.

### 3. Key Considerations

- Provide visible and practical leadership to help drive greater insights and transparency that can lead to a more enlightened and inclusive capital markets system through real change in the way organisations make decisions based on a longer-term perspective. Through facilitation by accountants in business, this can be delivered by:
  - ensuring that corporate objectives and activities contribute to sustainable development goals, requiring greater connectivity between social and environmental responsibility, and economic benefit;
  - focusing on relevant business risks and opportunities, impacts, and their ability to create value over time; and
  - making strategic and operational decisions that improve resource productivity and allocation and contribute to building a resilient business model can deliver both a societal benefit and a financial benefit to the organisation.
- Help companies, especially large and transnational



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companies, adopt sustainable business practices through integrating sustainability information into their governance, management, and reporting. Through their professional and business skills, accountants are well placed to provide relevant insight and analysis to decision makers serving as a basis of refining business models that will ultimately determine an organisation's ability to create value over time. It is important for policymakers and organisations to understand the purpose of the information being disclosed, and to help ensure that reporting is not treated as a matter of compliance but rather as a means of improving strategic and operational decisions, as well as enlightening outside stakeholders.

- Further develop support services that help accountants play a role in embedding sustainable development into strategy and operations. This could include training and sharing guidance and case studies highlighting good practices.



**Goal 13: Climate Action** - *Take urgent action to combat climate change and its impacts*

## 1. The 2030 targets for this Goal most relevant to the profession include:

- Strengthen resilience and adaptive capacity to climate-related hazards

and natural disasters in all countries.

- Integrate climate change measures into national policies, strategies, and planning.
- Improve education, awareness raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

## 2. The profession's priorities on climate action

The December 2015 Paris Agreement of the UN Framework Convention on Climate Change is essential in achieving this Goal, and sets the context. The profession can do much to support governments, capital markets, and organisations implement plans for climate change mitigation and adaptation in line with the Paris Agreement.

In certain roles, accountants have specific responsibilities in delivering accountability against climate change targets. For example, auditors general play a major role in holding governments to account for performance, including against climate goals and targets.

Accountants in business play a critical role in supporting their organisations in responding to climate change and its impacts. First and foremost, they can help make the case for climate action by framing climate change opportunities and risks in a business context. Connecting this Goal to business objectives and long-term business resilience is important in gaining wide-spread support and ensuring business sustainability.

The objective performance data and insights accountants in business can provide should include material climate change issues and help establish and monitor appropriate targets and goals for emissions management and abatement. Their reporting and communication skills can be applied to developing enhanced forms of reporting, such as environmental profit and loss statements and integrated and sustainability reporting, which provide insights to investors, employees, and other stakeholders on an organisation's climate change performance.

## 3. Key Considerations

- Support market-based policy initiatives, such as carbon pricing, as a key policy lever to encourage necessary efficiency gains and investment in new technology and cleaner energy, as well as to ensure a level competitive playing field.
- Encourage and support consistency, accessibility, and usefulness of climate-related disclosure and reporting. The profession supports the Financial Stability Board (FSB)'s Task Force on Climate-Related Financial Disclosures, which recognises that users of climate-related financial disclosure commonly identify inconsistencies in disclosure practices, a lack of context for information, and incomparable reporting as major obstacles to incorporating climate-related risks as a consideration in their investment, credit, and underwriting decisions over the medium and long term.

- Keep accountants informed of how they can support their organisations' efforts to lower carbon emissions and adapt to climate change. This will encourage self-analysis and awareness of how the accountant's skill set and competences can be applied to climate action, for example, by helping organisations identify and understand climate risk and measure and provide assurance on carbon data.



### Goal 16: Peace and Justice Strong Institutions

– Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

#### 1. The 2030 targets for this Goal most relevant to the profession include:

- Substantially reduce corruption and bribery in all their forms.
- Develop effective, accountable, and transparent institutions at all levels.

#### 2. The profession's priorities in delivering peace and justice and strong institutions

Without peace, stability, human rights, and effective governance – based on the rule of law – achieving sustainable development goals will remain elusive.

The SDGs emphasise good governance focused on smart regulation, rule of law, and well-functioning national institutions. Transparent

institutions and justice systems also enable a stable and fair playing field for business operations. For many emerging and developing economies, the priority is to bring about governance, investment, trade, and competition policies that contribute to good business and entrepreneurship.

In particular, fraud and corruption are a threat to achieving the SDGs. Goal 16 is referred to by some as “the people’s Goal” because fraud and corruption hinder business, constrain competition, divert resources away from those who need it, reduce public investment, and deter foreign investment. Sustainable development efforts can be futile in an environment of poor governance and corruption.

The profession’s capacity to address constraints to sustainable growth, such as poor governance, fraud and corruption, poor public sector financial management, and inadequate accounting and auditing practices, is important as these directly affect the drivers of economic development, including domestic and foreign investment. A significant basis for sound capital markets and resilient companies, as well as effective and efficient public service delivery, is high-quality, reliable financial and non-financial information.

Transparent, consistent, and robust anti-bribery and corruption measures must be applied across both public and private sectors.

Given the vast monetary sums channeled through governments, effective public sector financial management is vital to a global solution. Delivering strong

organisational cultures rooted in good governance and ethics supports governments and other public sector organisations in developing policies that deliver resilient public services, reduce fraud and corruption, and ultimately foster more equitable development of economies. The profession encourages strong collaboration and commitment from the private, public, and regulatory communities to fight bribery and corruption.

Transparent, responsive, and accountable institutions are a vital part of what it takes to improve lives and implement a sustainable development agenda. Together with properly governed financial systems, they help provide a stable environment within which business can operate, and reduce the costs and risks of doing business. Strong institutions are based on good governance, which is also rooted in open budgeting and sound financial reporting. Accrual accounting and budgeting help governments and public sector organisations develop policies and programs that deliver sustainable, resilient public services and stronger economies, ultimately leading to more confident foreign investors.

On a personal level, professional accountants – through demonstrating ethical and professional conduct by complying with the Code of Ethics for Professional Accountants – have enormous scope to positively influence organisations in the public and private sectors. This involves creating a culture of ethical behavior within and beyond finance teams and supporting ethical practices, such as combating and eliminating fraud and corruption.

The Code of Ethics has also recently been updated to provide a pathway for professional accountants to disclose potential non-compliance situations to appropriate public authorities without being constrained by the ethical duty of confidentiality. It places emphasis on the role of senior-level accountants in business in promoting a culture of compliance with laws and regulations and prevention of non-compliance within their organisations, such as enabling a more timely response to fraud.

### 3. Key considerations

- Advocate for good governance focused on smart regulation, rule of law, and well-functioning national institutions. As part of its recent #BuildTrust campaign, IFAC's recommendations to the G-20 focus on creating sustainable, inclusive growth by:—strengthening governance, which in both the public and private sectors is at the heart of accomplishing the G-20 objectives of recovery, growth, and stability, as well as combating fraud and corruption and restoring public trust and integrity;
  - promoting and adopting principles for good regulation to create a more consistent, effective international regulatory environment;
  - acknowledging the importance of international standards across all jurisdictions, including international standards for accounting, auditing and assurance,

professional ethics and education, and public sector accounting; and

- calling for global use of the International Integrated Reporting Framework.
- Enhance the capacity of accountants to contribute their expertise to implementing and monitoring governance arrangements and controls that hinder fraud, corruption, and money laundering while enhancing transparency. PAOs can help achieve this by providing practical support to accountants and, where possible, resources and training to help combat fraud and corruption. They can also offer broader support to help government and public sector organisations ensure that their planning and budgeting, cost management, investment, and financial reporting are more effective, transparent, and understandable to the government and its stakeholders, particularly citizens.
- Promote the importance of external public sector auditing in monitoring and reporting on national efforts to implement the SDGs and their targets. External public sector auditing can directly contribute to development goals by having the auditors monitor and report on national efforts to implement the SDGs and their targets. In addition, the auditors' efforts to fight corruption, fraud, and financial mismanagement

at both national and local government levels help to protect public funds and the governments' capacity to deliver on goals through public services and investments.



### Goal 17: Partnerships for the Goals

*- Strengthen the means of implementation and revitalise the global partnership for sustainable development*

#### 1. The 2030 targets for this Goal most relevant to the profession include:

- Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.
- Mobilise additional financial resources for developing countries from multiple sources.
- Enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South, and triangular cooperation.
- Enhance global macroeconomic stability, including through policy coordination and policy coherence.
- Enhance policy coherence for sustainable development.
- Enhance the Global

Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology, and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

## 2. The profession's priorities for partnerships to achieve the goals

The SDGs will not be achieved without businesses supporting partnerships to pursue shared objectives or address systemic challenges. Partnerships can be across the value chain, within their sector or with governments

and civil society organisations. Strong partnerships and collaboration are the most important ingredients in achieving the SDGs. Cross-sector institutional partnerships ensure every Goal has the support and resources it needs.

IFAC, on behalf of the global accountancy profession, will continue to partner with stakeholders, including PAOs, INTOSAI, governments, accountancy firms, international donors and other development agencies, regulators, and others to help maximise contribution to the SDGs.

Together with governments and taxpayers, accountants have a significant role in improving revenue collection at the national level, and in preventing tax evasion and illicit cash flows. "The

Role of Professional Accountants in the Proper Functioning of Taxation Systems" explores the various roles and responsibilities of accountants in the tax area.

## 3. Key Considerations

- Collectively consider where the profession can contribute, especially in terms of where its perspective and influence would be valued, and which partnerships and collaborations would enhance its contributions. For example, over time, IFAC, PAOs, and accountancy firms have established positive and effective relationships with a wide range of accountancy and economic development bodies as well as non-governmental organisations and other professions. ■



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