



# SUSTAINABILITY REPORTING

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Uphold public interest

# DEFINITION OF SUSTAINABILITY



The 1987 UN definition, in what is commonly known as the Brundtland Report of sustainability:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

# The Sustainable Development Goals Report 2017: UN (1)



Harnessing the power of data: Goal 1: No poverty; 2: Zero hunger; 3: Good health and well-being; 4: Quality education; 5: Gender equality; 6: Clean water and sanitation; 7: Affordable and clean energy; 8: Decent work and economic growth; 9: Industry, innovation and infrastructure; 10: Reduced inequalities; 11: Sustainable cities and communities; 12: Responsible consumption and production; 13: Climate action; 14: Life below water; 15: Life on land; 16: Peace, justice and strong institutions; 17: Partnerships for the Goals.

# The Sustainable Development Goals Report 2017: UN(2)



In adopting the 2030 Agenda for Sustainable Development, world leaders resolved to free humanity from poverty, secure a healthy planet for future generations, and build peaceful, inclusive societies as a foundation for ensuring lives of dignity for all.

This collective journey has at its heart a promise to leave no one behind.

# Kenya: Voluntary National Review 2017 (1)



Kenya has been a top advocate of Agenda 2030. Kenya was a member of the High Level Panel of Eminent Persons who advised the United Nations Secretary General on the global development framework beyond 2015. The Permanent Representative of Kenya to the UN Ambassador Macharia Kamau co-chaired the UN General Assembly Open Working Group on Sustainable Development Goals (SDGs) mandated to develop a set of sustainable development goals.

# Kenya: Voluntary National Review 2017 (2)



An SDGs Road Map has been prepared with seven broad areas that will guide the transition process in Kenya. The seven areas are: (1) mapping of stake-holders and establishing partnerships; (2) advocacy and sensitization; (3) domestication/localization; (4) mainstreaming and accelerating implementation; (5) resource mobilization; (6) tracking and reporting; and (7) capacity building.

The launch of the SDGs in Kenya on 14th September 2016 created awareness among stakeholders and rallied them behind implementation.

# Kenya: Voluntary National Review 2017 (3)



The government directed all Ministries, Department and Agencies (MDAs) to mainstream the SDGs into policy, planning, budgeting, **monitoring and evaluation** systems and processes.

As a result, all SDGs targets and indicators have been mapped against the mandates of the MDAs and assigned the SDGs to the respective development actors.

# Kenya: Voluntary National Review 2017 (4)



In addition, the 2018-2022 Strategic Plan guidelines have been reviewed to ensure that the SDGs are mainstreamed in MDAs' Strategic Plans.

The SDGs have also been mainstreamed in the Performance Contracting and MDAs submit **quarterly progress reports** on a quarterly basis.

# Kenya: Voluntary National Review 2017 (5)



Kenya has prepared its first report reviewing the implementation of the 2030 agenda for sustainable development. The review was highly consultative involving Government Ministries, Departments, Agencies (MDAs); County Governments; Development Partners; Civil Society Organizations (CSOs); special groups including youth and persons with disabilities and the private sector.

# Kenya: Voluntary National Review 2017 (6)



To ensure wider consultation, umbrella bodies held consultations with their members and prepared reports that were the inputs into the country report.

# Kenya: National Environment Management Authority (NEMA)



NEMA is the principal agency of government for the implementation of all policies related to the environment.

The status of the environment at any given time is documented through the annual State of Environment Report. In addition, NEMA has been accredited as the National Implementation Entity to access funding from the Adaptation Fund to support adaptation of related activities that mitigate adverse effects of climate change.

# The Sustainable Development Goals Report 2017: UN(3)



The 2030 Agenda is deliberately ambitious and transformational, with a set of 17 integrated and indivisible Sustainable Development Goals and targets to guide us. Crucially, it is a universal agenda, applying to all countries; even the richest have yet to fully ensure women's rights, conquer inequality or safeguard the environment.

Implementation has begun, but the clock is ticking.

This report shows that the rate of progress in many areas is far slower than needed to meet the targets by 2030.

# UN: Different approaches to sustainability reporting (1)



The extent and focus of sustainability reporting varies between national governments.

A range of initiatives do exist, mainly focused through national sustainable development strategies.

Many countries provide data on indicators and targets against these strategies, and some countries also integrate environmental data into their national accounts.

# UN: Different approaches to sustainability reporting (2)



There is a range of reporting frameworks whereby national governments publish their progress on sustainability, most notably in relation to the United Nations (UN) and European Union (EU).

Adoption of these frameworks largely depends upon the willingness and ability of national governments to report in this way.

# UN: Different approaches to sustainability reporting (3)



Five case studies were outlined in the report (Canada, Mexico, Philippines, Sweden and the United Kingdom).

Most of the five countries had developed an understanding of sustainability based on the Brundtland definition, but this has had a different emphasis in different countries and changed over time. In Sweden, for example, a very broad approach to sustainability measures has recently become more focused on environmental aspects.

# UN: Different approaches to sustainability reporting (4)



The countries varied in whether they integrated sustainable development into a single, mainstream government strategy, or whether they produced a stand-alone sustainable development strategy.

Adoption of these frameworks largely depends upon the willingness and ability of national governments to report in this way.

# UN: Different approaches to sustainability reporting (5)



National sustainable development strategies were enforced and promoted in different ways, whether it was through requiring lower tiers of government to develop strategies and actions flowing from the national level, reporting on indicators and measurement throughout the public sector, or through legislation to require sustainability reporting from state-owned companies.

# Different approaches to sustainability reporting (6)



Two countries (Mexico and Sweden) emphasised the international dimensions, interdependencies and effects of sustainable development as well as developing national frameworks.

# The role of the accountant



There is a clear role for the accountant in sustainability reporting and for influencing how governments report on such issues. Accountants have core skills which are essential to developing more robust, consistent, effective and useful sustainability reports for national governments and the public sector more widely; they are well placed to understand the regulatory environment, manage risk and develop efficient frameworks to measure information that can be monetised.

# SUSTAINABILITY REPORTING PRIVATE SECTOR



In the private sector sustainability reporting is generally driven by legal requirements and industry standards.

In the private sector, sustainability reporting frameworks rely on complex considerations of supply chains and whole-life cost models and focus on the direct impact on the environment, society or the wider economy.

# SUSTAINABILITY REPORTING



<https://www.globalreporting.org/>

Global Reporting Initiative (GRI) has pioneered sustainability reporting since the late 1990s, transforming it from a niche practice into one now adopted by a growing majority of organizations.

The GRI reporting framework is the most trusted and widely used in the world.

# SUSTAINABILITY REPORTING



GRI Sustainability Reporting Standards help businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues. Of the world's largest 250 corporations, 92% report on their sustainability performance and 74% of these use GRI's Standards to do so. With over 23,000 GRI Reports recorded in our database, sustainability reporting using the GRI Standards continues to grow.

# SUSTAINABILITY REPORTING



GRI: Are you looking to increase transparency around the impact of your business on issues such as climate change, human rights and corruption?

Sustainability reporting will help you do that and enable your organization to make better decisions that create social, environmental and economic benefits for all your stakeholders.

# SUSTAINABILITY REPORTING



GRI: When you disclose non-financial information using the GRI Standards, your business will benefit in many ways. **The reporting process allows you to gain a comprehensive understanding of the risks and opportunities facing your business.** Sharing information about policies and performance on environmental, social and governance issues helps you build trust with your customers and partners, monitor and mitigate risk, and find ways to improve efficiency, resulting in a positive impact on your financial results.

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By reporting with the GRI Standards, you will also fulfil the compliance requirements of regulations from governments, financial markets and international organizations. The GRI framework is referenced in over a hundred policy instruments and dozens of stock exchanges or market regulators across the world. GRI's reporting framework is the most used worldwide due to its credibility, flexibility and adaptability. GRI pioneered sustainability reporting two decades ago, and the GRI Standards are still considered global best practice today.

# SUSTAINABILITY REPORTING



The Sustainability Accounting Standards Board (SASB) is an independent organization that issues industry-specific standards for use in disclosing material sustainability information in filings to the Securities and Exchange Commission. Michael R. Bloomberg, founder of Bloomberg LP, and Mary Schapiro, former SEC chairman, serve as Chair and Vice Chair of SASB's Board of Directors, and Dr. Jean Rogers serves as Founder and CEO.

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San Francisco: 18/10/16: In light of increasing acknowledgment by investors that environmental, social and governance (ESG) factors can impact the ability of companies to manage risk and deliver financial performance over the long-term, SASB today announced the founding members of its Investor Advisory Group (IAG). Comprised of leading asset owners and asset managers, the group is committed to improving the quality and comparability of sustainability-related disclosure to investors, thereby enabling investors to develop a more comprehensive view of company performance.

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With significant input from corporations and investors, SASB has issued provisional sustainability accounting standards for 79 industries in 10 sectors, and is now undertaking a period of deep consultation to gather input before the standards are codified.

"Investors can play an important role in enhancing disclosure effectiveness, by expecting companies to disclose performance on material ESG factors and by participating in development of disclosure standards," says Janine Guillot, SASB's Director of Capital Markets Policy & Outreach.

# SUSTAINABILITY REPORTING



"IAG members believe that SASB's approach—which is industry-specific and materiality-focused—will help provide investors with relevant and decision-useful information."

# SUSTAINABILITY REPORTING



**GRI Tim Mohin:** The GRI Standards and the SASB Standards are designed for different, but complementary, purposes. GRI looks at the company's impacts on the world and the SASB looks at the world's impacts on the company. We believe both frameworks can work together to give companies and their stakeholders a comprehensive view of how businesses can create shareholder value, but importantly, also help create the conditions for sustainable development. The GRI framework focuses on a company's impacts on the broader economy, environment and society to determine its material issues.

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**SASB: Jean Rogers:** (1) The key difference between the approach we take at SASB and what GRI does stems from the specific audiences we're trying to serve. At the SASB, that audience is financially motivated mainstream investors who are seeking access to standardized performance information on the small handful of sustainability factors that are reasonably likely to materially affect the financial condition or operating performance of their portfolio companies.

# SUSTAINABILITY REPORTING



**SASB: Jean Rogers:** (2) SASB serves the unique needs of the investment community, but this is not mutually exclusive with the type of reporting that GRI facilitates for a broader set of stakeholders. Rather, we like to say they are complementary and "mutually supportive." Companies now realize that they have a broad set of stakeholders and they ignore them at their own risk. This is, in large part, thanks to GRI's important work of bringing a wide array of stakeholders and their interests to the attention of corporate actors over the past two decades.

# SUSTAINABILITY REPORTING



**Allison-Hope:** The metrics in the GRI Standards are different to those in the SASB Standards. Do you envision more alignment and harmonization over time on specific metrics? How can that be achieved?

**GRI M:** In many cases, our standards are identical. In others, SASB has defined disclosures that represent issues that are narrowly defined for certain industries. There is alignment work to be done in the third category where the two frameworks have similar disclosures with different characteristics. For this group, we are working together on a technical level with an aim to create better alignment.

# SUSTAINABILITY REPORTING



SASB R (1): Wherever possible, the SASB Standards include quantitative, industry-specific performance metrics that are commonly used to describe performance on key sustainability issues, and we leverage the longstanding work of many organizations — including GRI — to achieve this. SASB takes this approach, in part, to deliver the most cost-effective solution possible for companies.

# SUSTAINABILITY REPORTING



SASB R (2): Companies are already likely measuring many metrics in the SASB Standards because we reference indicators from more than 200 entities, including GRI, CDP, the EPA, OSHA and the EEOC and IPIECA. SASB and GRI have also committed to mapping our metrics to one another, which is a project we aim to complete in 2018, so increasing alignment is certainly on the horizon.

# INTEGRATED REPORTING

## <IR>



<IR> is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.

# INTEGRATED REPORTING

## <IR>



An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

# INTEGRATED REPORTING

<IR>



Businesses require an evolution in the system for reporting, facilitating and communicating mega-trends without the complexity and inadequacy of current reporting requirements. Currently, there are significant information gaps in reports, with the organizations such as the World Bank and IMF calling for a greater focus on aspects such as risk and future development.

# INTEGRATED REPORTING

<IR>



An integrated report should:

Make the allocation of capital more efficient and productive through improvements in the quality of information available to providers of financial capital;

Identify and communicate the full range of financial and non-financial factors that materially affect the ability of an organisation to create value over the short, medium and long term;

# INTEGRATED REPORTING

<IR>



Recognize the importance of a broad range of capitals (financial; manufactured; intellectual; human; social and relationship; and natural) to a thorough understanding of the organization's business model; and  
Focus on the core concept of the business model to support integrated thinking and decision making with a view to sustainable value creation.

# INTEGRATED REPORTING

## <IR>



As well as improving relationships with stakeholders, integrated reporting has helped many organisations reassess the way they work across the different elements of their business, use technology to integrate information and change their reporting to reinforce the connectivity of information. This helps to emphasise the interdependency between strategy, the business model and value creation.

# INTEGRATED THINKING (1)



Organisations operate in a world of growing complexity, with a multitude of internal and external factors, interdependencies and trade-offs to consider when making decisions. They need processes that empower the board and management to make informed decisions within this reality. What is needed is integrated thinking.

# INTEGRATED THINKING (2)



Integrated thinking is about ensuring the long-term sustainability of organisations through the sustained creation of value for stakeholders.

“The active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term”.

# INTEGRATED THINKING (2)



The International Integrated Reporting Framework emphasises that effective integrated reporting is dependent upon an organisation's ability to successfully implement integrated thinking.

According to various surveys, including the IFAC SMP Quick Poll, accounting practices are increasingly providing sustainability services to their clients.

# INTEGRATED THINKING (3)



These services include advisory, accounting, and assurance, with the former the most common. In response to this need, the accountancy profession is raising awareness of the importance of accounting for sustainability, helping to prepare accountants and the organizations they serve, and supporting developments in thinking as well as practical tools and guidance.

# INTEGRATED THINKING (4)



In conjunction with others, the profession is leading multiple initiatives to help accountants, clients, and organizations embrace management practices and processes that help integrate sustainability into decision making. IFAC works closely with [the Prince of Wales' Accounting for Sustainability Project \(A4S\)](#), which emphasizes the importance of the connection between accounting and sustainability, and [The Economics of Ecosystems and Biodiversity \(TEEB\) for Business Coalition](#), which is developing guidance to successfully incorporate natural capital into strategy and decision-making processes.

# INTEGRATED THINKING (5)



IFAC and the IIRC work together as strategic partners with a shared vision of the evolution of corporate reporting for the 21<sup>st</sup> century in which Integrated Reporting plays an important role, as does the alignment and clarity of corporate reporting frameworks, standards and requirements to drive coherence, consistency and comparability across the reporting landscape.

# INTEGRATED THINKING (6)



IFAC believes it is important for the accountancy profession to be involved in, influence, and drive the development of enhanced corporate reporting. In the diverse roles they perform, professional accountants are central to successful and relevant corporate reporting. Through innovation, leadership and capacity building, the global accountancy profession supports enhanced corporate reporting and the delivery of the vision for Integrated Reporting.

# INTEGRATED THINKING (7)



As the representative body of the global profession, IFAC specifically plays a key role in Integrated Reporting, advocating for its adoption through global institutions and its membership of professional accounting organizations.

# INTEGRATED THINKING (8)



The global adoption of Integrated Reporting will greatly depend on its acceptance in national jurisdictions and regions. IFAC therefore encourages its more than 175 member organizations in approximately 130 countries to promote awareness of Integrated Reporting; develop professional education and continuing professional development topics relevant to enhancing corporate reporting; and utilize their relationships, where appropriate, with governments and regulators to promote the global consistency and convergence of corporate reporting frameworks.

# INTEGRATED THINKING (9)



The IIRC and IFAC also believe that the Corporate Reporting Dialogue (CRD), facilitated by the IIRC, comprised of organizations that issue standards and frameworks with international impact can help to improve the quality and consistency of global corporate reporting to provide increased certainty for businesses and investors alike.

# PRIVATE SECTOR: QUOTED: THE CODE (1)



*Guideline:* The Board shall have formal strategies to promote **sustainability**. Attention shall be given to Environmental, Social and Governance (ESG) aspects of the business which underpin **sustainability**. Effective management of stakeholders will positively impact the company's achievement of its strategy and long-term growth.

# PRIVATE SECTOR: QUOTED: THE CODE (2)



Stakeholders are considered to be any group who can affect, or be affected by the Company, its decision and its reputation. They include shareholders, customers, suppliers, employees, creditors, regulators, lenders, media, auditors and potential investors.

The Corporate Governance framework should recognise the rights of stakeholders and encourage active co-operation between companies and stakeholders in creating wealth, and **sustainability** of financially sound enterprises.

# PRIVATE SECTOR: QUOTED: THE CODE (3)



**6.1.5 Recommendation:** The Board shall continually work towards the introduction of integrated reporting.

## ***Guideline***

Integrated reporting is a process that brings together the material information about an organization's strategy, governance, performance and prospects in such a way that reflects its commercial, social and environmental context within which it operates.

# THE CODE (4)



Integrated reporting provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future. Integrated reporting combines the most material elements of information currently reported in separate reporting strands (financial, management guidelines, governance and remuneration, and **sustainability**) into a coherent whole.

# THE CODE (5)



*Principle:* The Board shall promote timely and balanced disclosure of all material information concerning the company.

*7.1.1 Recommendation:* The Board shall ensure the company has appropriate corporate disclosure policies and procedures.

*Guideline:* Some key areas requiring disclosure and the recommended disclosure practices are as follows:

(p) Key company risks and **sustainability**;

# THE CODE (6)



(q) Key stakeholder groups:

The Board shall disclose the key shareholders and the extent of their shareholding. In this regard, the following information should be disclosed:

(v) the key stakeholders who may have an influence on the company's performance and **sustainability**.

# MWONGOZO



Mwongozo will ensure that sustainability, performance and excellence become the hallmark of the management of State Corporations.

Sustainability reporting: The Board should include a commentary on sustainability in the half yearly and annual report and disclose if the organization is a going concern based on the triple bottom line basis.

# THE TRIPLE BOTTOM LINE (1)



Sustainability has been an often mentioned goal of businesses, nonprofits and governments in the past decade, yet measuring the degree to which an organization is being sustainable or pursuing sustainable growth can be difficult. John Elkington strove to measure sustainability during the mid-1990s by encompassing a new framework to measure performance in corporates.

# THE TRIPLE BOTTOM LINE – TBL (2)



The TBL is an accounting framework that incorporates three dimensions of performance: social, environmental and financial. This differs from traditional reporting frameworks as it includes ecological (or environmental) and social measures that can be difficult to assign appropriate means of measurement.

# THE TRIPLE BOTTOM LINE – TBL (3)



The TBL dimensions are also commonly called the three “Ps”: people, planet and profits. Andrew Savitz: The TBL “captures the essence of sustainability by **measuring** the impact of an organization’s activities on the world ... including both its profitability and shareholder values and its social, human and environmental capital.”  
How do you measure CSR?

# THE TRIPLE BOTTOM LINE – TBL (4)



There is no universal standard method for calculating the TBL. Neither is there a universally accepted standard for the measures that comprise each of the three TBL categories. There are challenges to putting the TBL into practice. These challenges include measuring each of the three categories, finding applicable data and calculating a project or policy's contribution to sustainability. These challenges aside, the TBL framework allows organizations to evaluate the ramifications of their decisions from a truly long-run perspective.

# IFAC 2016: The 2030 agenda for sustainable development



A Snapshot of the Accountancy Profession's Contribution: As we rapidly approach 8.5 billion people on Earth—expected by 2030—the challenges of inequality and our planet's limited resources pose an interconnected set of global sustainable development challenges and uncertainties. Being globally systemic, these risks cannot be managed by any one country, government, business, or stakeholder group. Consequently, there is a growing momentum for collaborative action toward achieving sustainable development, in the certain knowledge that the world's economic development ultimately depends on it.

# IFAC 2016: The 2030 agenda for sustainable development



*PwC's: Make It Your Business: Engaging with the Sustainable Development Goals:* found that 71% of businesses say they are already planning how they will engage with the SDGs. Only 13% of businesses, however, have identified the tools needed to assess their impact against the SDGs.

# IFAC 2016: The 2030 agenda for sustainable development



Integrated thinking extends the consideration by an organisation beyond only financial capital to all forms of capital that are integral to its future success, namely human, intellectual, manufactured, social and relationship, and environmental capital.

# KCB: SUSTAINABILITY REVIEW (1)



As one of the leading financial service providers in Eastern Africa, we understand that our operations have a significant impact on the **economic, social and environmental** prospects of the region. We owe it to our stakeholders to be considerate of the impact this has not only to our profitability, but also on the society and the environment we operate in.

# KCB: SUSTAINABILITY REVIEW (2)



Our vision is to grow our existing business competitively in the market place and in the process, deliver long lasting and impactful benefits to society. We view **sustainability** as a key driver of our corporate strategy and a means for creating value and a competitive advantage.

# KCB: SUSTAINABILITY REVIEW (3)



Our **sustainability** framework formalizes our approach to **sustainability**. It provides guidelines for the introduction, development and maintenance of proactive social and environmental management processes and procedures. The framework has been integrated into our Group corporate strategy which is anchored on four key pillars of **financial, economic, social** and **environmental** stability. The framework contributes to the growth and maintenance of a stable society in line with our corporate values of simplifying your world to enable progress.

# COMPANIES ACT 2015 (1)



**A small company:** S624(3) The qualifying conditions are satisfied by a company in a year in which it satisfies two or more of the following requirements: (a) it has a turnover of not more than fifty million shillings; (b) the value of its net assets as shown in its balance sheet as at the end of the year is not more than twenty million shillings; and (c) it does not have more than fifty employees.

# COMPANIES ACT 2015 (2)



S655(1)&(3) Unless the company is subject to the small companies regime, the directors must include a business review: it must contain a fair review of the company's business, a description of the principal **risks** and uncertainties facing the company, and a balanced and comprehensive analysis of the **development** and **performance** of the business and the position of the company at the end of the year.

# COMPANIES ACT 2015 (3)



S655(4) In a quoted company, the review must contain information about **environmental** matters (including the impact of the business of the company on the environment), the **employees** of the company, **social and community issues**, including information on any policies of the company in relation to those matters and the **effectiveness** of those policies, and information about persons with whom the company has contractual or other arrangements that are essential to the business of the company.

# CBK: PRUDENTIAL GUIDELINES (1)



3.1.3 The board is responsible for considering the legitimate interests and expectations of the institution's **stakeholders** in its deliberations, decisions and actions. The following four ethical values underpin good corporate governance:

a) Responsibility: The board should assume responsibility for the assets and actions of the institution and be willing to take corrective actions to keep the institution on a strategic path that is ethical and **sustainable**.

# CBK: PRUDENTIAL GUIDELINES (2)



- b) Accountability: The board should be able to justify its decisions and actions to shareholders and other stakeholders.
- c) Fairness: The board should ensure that it gives fair consideration to the legitimate interests and expectations of all stakeholders of the institution.
- d) Transparency: The board should disclose information in a manner that enables stakeholders to make an informed analysis of the institution's performance and **sustainability**.

# CBK: PRUDENTIAL GUIDELINES (3)



3.1.4 As a steward of the institution, each director should also discharge the following key moral duties: **b) *Inclusivity*** of stakeholders is essential to achieving **sustainability** and the legitimate interests and expectations of stakeholders must be taken into account in decision-making and strategy. **e) *Courage***: A director should have the courage to take the risks associated with directing and controlling a successful, **sustainable** institution, and also the courage to act with integrity in all board decisions and activities.

# CBK: PRUDENTIAL GUIDELINES (4)



3.9 Principle 9: *The board should ensure that the institution complies with applicable laws and considers adherence to the institution's rules, codes and standards.*

Compliance risk can be described as the risk of damage, arising from non-adherence to the law and regulations, to the institution's business model, objectives, reputation, going concern, stakeholder relationships or **sustainability**.

# CBK: PRUDENTIAL GUIDELINES (5)



## 3.12 Principle 12 – Governance of Information Technology

3.12.4 The board should ensure that the IT strategy is integrated with the institution's strategic and business processes. IT should be seen to add value by enabling the improvement of the institution's performance and **sustainability**.

# Insurance Regulatory Authority (1)



## 4.2 Investment Functions

4.2.5 The Board shall also put in place an effective reporting system to ensure compliance with the policy set out by it apart from Internal / Concurrent Audit mechanisms for a **sustained** and on-going monitoring of Investment Operations.

# Insurance Regulatory Authority (2)



Guideline on Risk Management and Internal Controls: **9.0 Compliance Function** 9.1 Insurers shall be required to have an effective compliance function capable of assisting the insurer to meet its legal and regulatory obligations and promote and **sustain** a corporate culture of compliance and integrity.

# Insurance Regulatory Authority (3)



Guideline on Risk Management and Internal Controls:

9.6 The compliance function should establish, implement and maintain appropriate mechanisms and activities to:

9.6.1 Promote and **sustain** an ethical corporate culture that values responsible conduct and compliance with internal and external obligations.

# IFAC: Professional accountancy organizations



## 1. MAINSTREAM THE SDGs:

- What is the role that PAOs play in the planning and preparation of SDG-based national development strategies?
- Once targets are prioritized and mainstreamed into national or local plans and budgets, how will sectors collaborate to achieve the SDGs?
- How can such targets be incorporated into business strategies and plans?
- How will the profession help governments improve existing budget systems to deliver the SDGs?

# IFAC: Professional accountancy organizations



## 2. IMPLEMENT THE SDGs:

- What role do PAOs play in the implementation of interventions linked to the SDG targets?
- How will PAOs help boost accountability during the implementation process and not just post facto?

## 3. MONITOR THE SDGs:

- Which specific indicators may be useful when measuring and reporting a PAO's contribution to the SDGs?
- How can PAOs help support the collection and analysis of data?

# 12: Responsible Consumption and Production (1)



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 organization—an integral part of financial, strategic, and operational goals.

# 12: Responsible Consumption and Production (2)



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 that 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.

# 12: Responsible Consumption and Production (3)



Accountants in business need to build on their traditional role of optimizing 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.

## 12: Responsible Consumption and Production (4)



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.

# 12: Responsible Consumption and Production (5)



The profession has a significant role in facilitating responsible organizations 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.

# Safaricom: How sustainability fits into our strategy (1)



Our sustainability strategy stems from our commitment to responsible, ethical behaviour in everything that we do and our core values of ‘speed’, ‘simplicity’ and ‘trust’. Our goal remains that of ‘transforming lives’ and this purpose statement permeates every decision made by the company, encouraging us to push beyond traditional commercial boundaries in order to have a positive impact on society as a whole and driving us towards an ever more sustainable and responsible way of doing business.

# Safaricom: How sustainability fits into our strategy (2)



Our approach to sustainability is based on our determination to manage and grow a safe, efficient and profitable business. We recognise that our business practices today must be designed to create and shape a sustainable tomorrow. We are committed to responsibly managing the economic, social and environmental impact we have on the communities and landscapes that surround and support us.

# Safaricom: How sustainability fits into our strategy (3)



We believe that each one of our three new strategic objectives — ‘Customer First’, ‘Relevant Products’ and ‘Operational Excellence’ — has the potential to deliver meaningful, sustainable socio-economic benefits to society in general, as well as to our customers. Ultimate accountability for sustainability within Safaricom lies with the Chief Executive Officer (CEO), Bob Collymore. He is the sustainability champion on the Board of Directors and presents all sustainability related considerations to the Board.

# Safaricom: How sustainability fits into our strategy (4)



Our Director of Corporate Affairs reports directly to the CEO and provides him with regular updates on the sustainability process so he can feed these into updates to the Board. While sustainability is considered the responsibility of EXCO within Safaricom, the Director of Corporate Affairs is the focal point for the implementation of our sustainability strategy. EXCO is assisted by a team of Sustainability Champions. The Champions represent every division within the business and we have a total of around 30 colleagues who work with sustainability as one of their core tasks.

# Safaricom: How sustainability fits into our strategy (5)



Sustainability is embedded within the daily operations of Safaricom using a 'top-down, bottom-up' co-creation approach. This approach was adopted because it is a flexible, inclusive one that draws on the strengths of both the managerial and operational levels within the company. EXCO and the team of Sustainability Champions work simultaneously and in parallel to articulate sustainability requirements in a way that makes sense and is relevant to each Division. This approach entails extensive, ongoing consultations and conversations at all levels and functions across the company, but ensures that colleagues at every level embrace, understand and take ownership for sustainability.

# Safaricom: Message from the CEO (1)



Robert F Kennedy suggested that ‘the purpose of life is to contribute in some way to making things better’ and it’s a sentiment that we share at Safaricom. We believe that having the right purpose is fundamental to making the right decisions. It is at the core of our ongoing mission to transform lives. It is why we reject the idea that business is about choosing between having a purpose or making a profit. We believe that business requires the ‘Three Ps’: Purpose, People and Profit. If we let our purpose of transforming lives guide our decision-making and put our people first, we know that the profit will follow. For us, it is a case of choosing ‘people and purpose and profit’.

# Safaricom: Message from the CEO (2)



Our belief in the ‘Three Ps’ made embracing the UN Sustainable Development Goals (SDGs) an easy decision for us to make. Society and community remain at the heart of everything we do. We know that our success is thanks to the support of the people of Kenya as much as it is to our own efforts and we take our responsibility to reciprocate that support very seriously. The SDGs are a daily reminder that we cannot grow alone and that our success is only sustainable if everyone benefits from it, especially the poorest 46 per cent of the population.

# The CEO

