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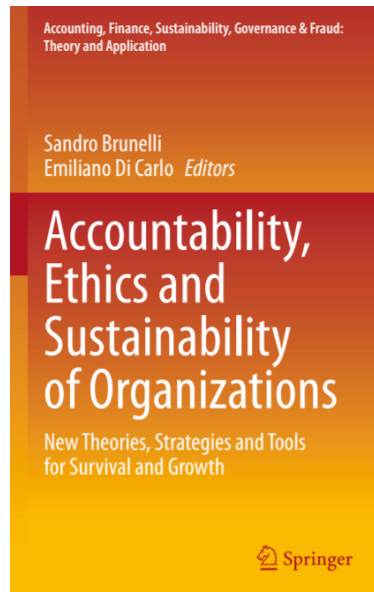
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New Theories, Strategies and Tools for Survival and Growth

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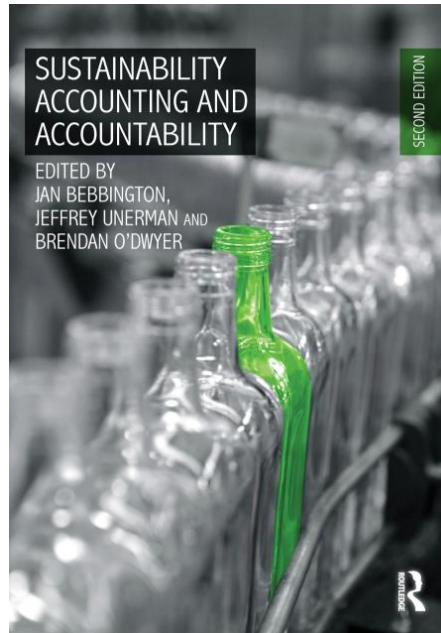
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Agenda



ACCOUNTABILITY
AND SUSTAINABILITY



FINANCIAL REPORTING
NON-FINANCIAL
REPORTING



ETHICS



RESEARCH
TOPICS

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Agenda

ACCOUNTABILITY AND SUSTAINABILITY

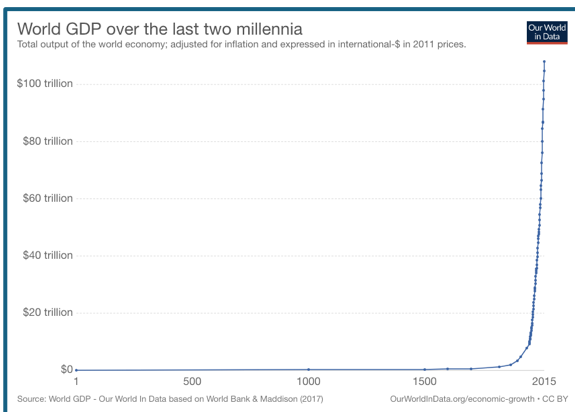
**FINANCIAL REPORTING
NON-FINANCIAL REPORTING**

ETHICS

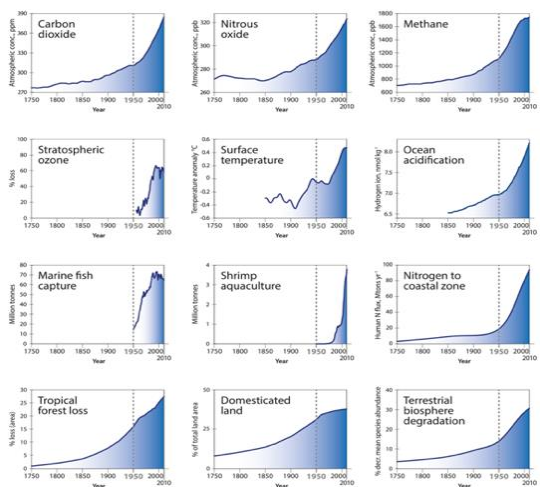
RESEARCH TOPICS

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Exponential growth in GDP has led to exponential growth of the human impact



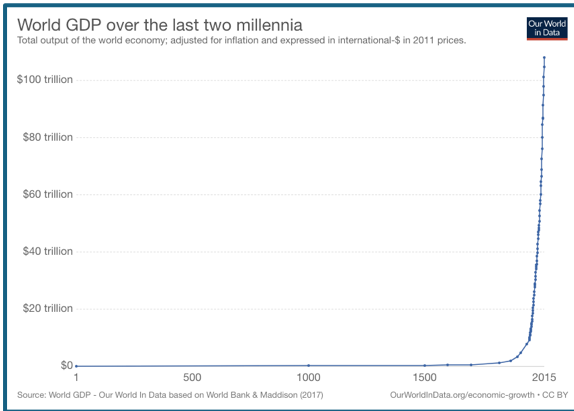
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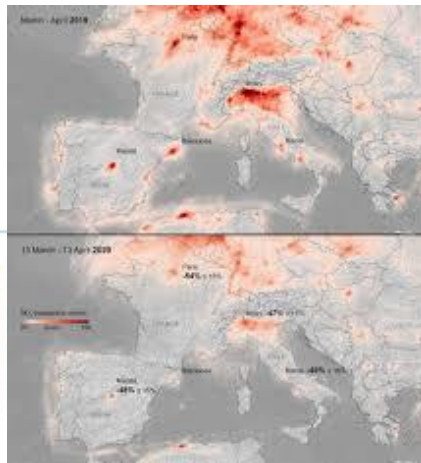
The exponential growth of human impact has influenced the environmental balance with physical and financial losses



- Between 2000 and 2016, climate-related disasters worldwide annually increased by 46% while economic losses resulting from extreme weather events worldwide increased by 86% between 2007 and 2016 (EUR 117 billion in 2016)". European Commission (2018)

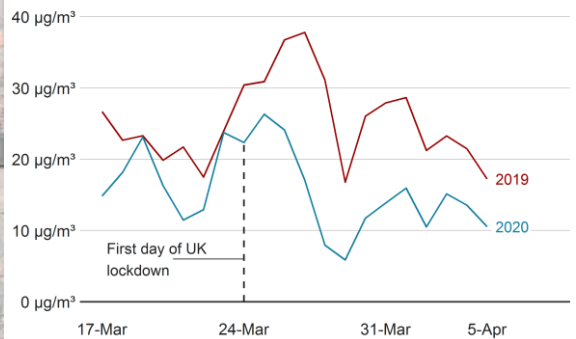
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During COVID19 lockdown...



Air pollution in the UK has fallen compared with last year

Average daily nitrogen dioxide (NO2) readings



µg/m³ = micrograms per cubic metre

Source: Defra



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Global risks according to WEF

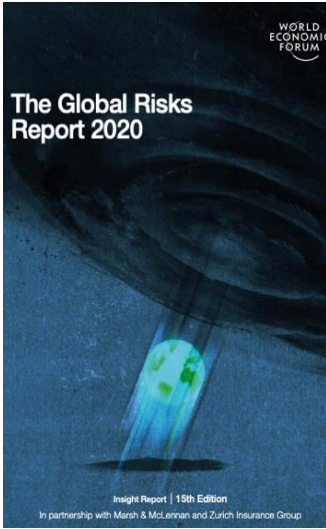
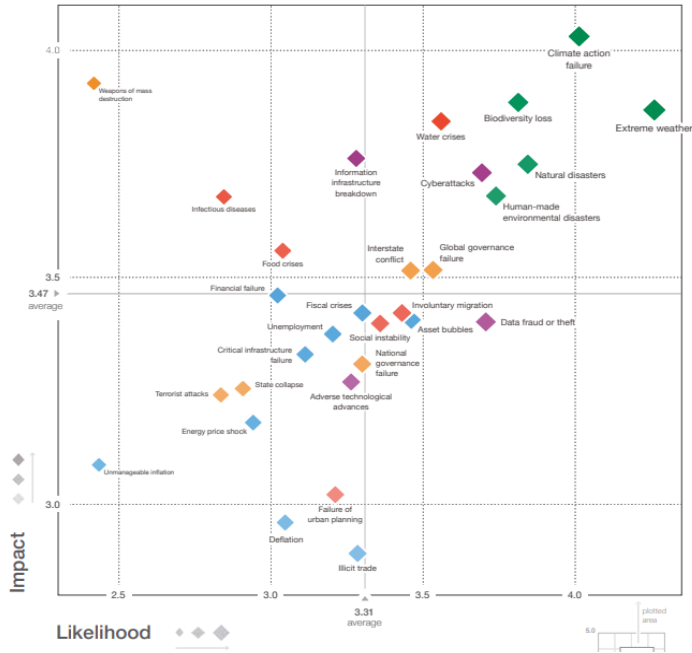


Figure II: The Global Risks Landscape 2020



How does all this relate to companies?



Why companies should be accounted for?



<https://www.youtube.com/watch?v=sq-yph0QSK4>

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What Is Accountability?

Let's do some brainstorming on this concept!

Please, go to: www.menti.com

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What Is Accountability?



Accountability is an acceptance of responsibility for honest and ethical conduct towards others. In the corporate world, a company's accountability extends to its shareholders, employees, and the wider community in which it operates. In a wider sense, accountability implies a willingness to be judged on performance.



Accountability has become an **essential concept in corporate finance**. It is particularly relevant to the accounting practices that a company adopts when it prepares the financial reports that are submitted to shareholders and the government.



However, in recent years corporate accountability has come to encompass the company's activities as they affect the community. A company's environmental impact, its investment decisions, and its treatment of its own employees all have come under public scrutiny.

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The origins of sustainability

Hans Carl von Carlowitz (1645–1714) is considered to be the founder of the sustainability principle. In his work "Sylvicultura oeconomica" from 1713, he demanded, due to the crisis in raw materials (wood), that one should only lumber so many trees as can be grown by reforestation and planting. This was the demand of 'sustainable' usage and sustainable forest management.



The contemporary terms of sustainability and sustainable development were coined in the early 1970s. The foundation of the definition of sustainability is the Brundtland report according to which **sustainable development is that development which "...meets the needs of the present without compromising the ability of future generations to meet their own needs"**.

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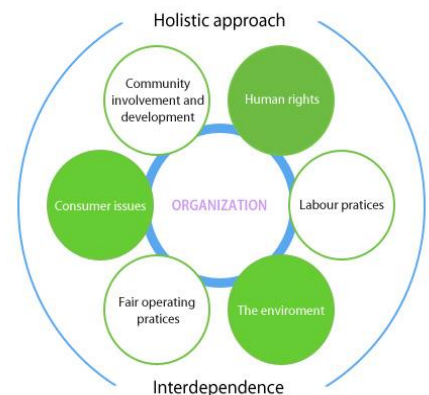
Profit: a limited vision

- **Milton Friedman (1970) wrote that “The social responsibility of business is to increase its profits”.** This attitude has resulted in the focus on profit and profitability, neglecting the way profit is generated as well as neglecting the consequences of such perspective focus.
- Focus on financial value and financial goal is a predominantly short-time and a very narrow understanding of business fundamentals. It ignores the ways of achieving it and all the consequences for people and the planet.

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From profitability toward sustainability

- **Business sustainability** is often defined as the triple bottom line management, a process in which companies manage their **financial, social, and environmental** risks, threats, and opportunities.
- These three impacts are often called “Profit, People, and the Planet” or **3P** (Elkington, 1994). The concept of Corporate Social Responsibility (CSR) is being increasingly replaced by another concept, **Holistic Corporate Responsibility (HCR)**.
- From a reductionist focus on profit, toward a holistic perspective and a balance between economic, social, and ecological aspects of company’s business accountability.



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New concepts: social accounting

- Identification and recording of an entity's activities in terms of social responsibility.
- Method by which the entity seeks to place a value (positive or negative) on the impact its activities produce on people, on the environment, and on society as a whole.
- Means of documenting an entity's achievements and building a historical record of its activities.
- Records the social performance of the entity for a subsequent evaluation of it.

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New concepts: social auditing

- Evaluating, reporting and improving an organization's behaviour and its effects on society.
- Produce a measure of the social responsibility of an organization.
- Takes into account any internal code of conduct as well as the views of all stakeholders and draws on best practices.
- Requires an organization to identify what it is seeking to achieve, who the stakeholders are, and how it wants to measure performance.
- Provides an assessment of the impact of an organization's nonfinancial objectives.

FINANCIAL AUDIT	SOCIAL AUDIT
Performance data are collected by management/employees	Performance data are collected through interviews, observations/ and focus groups
Independent/external audit team reviews the data	Independent/external audit team reviews the data
Auditor/team issues a statement on whether the data are a fair presentation of the affairs of the business	Audit team submits a report on whether the data reflect the goal(s) of the project
Financial accounts	Social Audit accounts
Shareholders	Stakeholders

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Accountability principles

(AA1000 Stakeholder Engagement Standard)



Inclusion principle: stakeholder participation in the development and implementation of a strategic and responsible response in relation to sustainability.



Relevance principle: determining relevance is necessary to ensure balanced information that influences the decisions of the organization and its stakeholders.



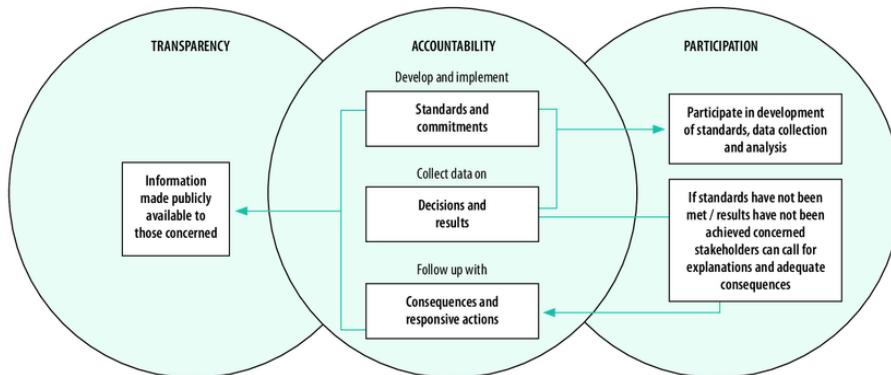
Accountability and transparency



Responsibility principle: an organization must respond to the concerns of **stakeholders** that affect its sustainable performance. Stakeholders participate in the development of responses.

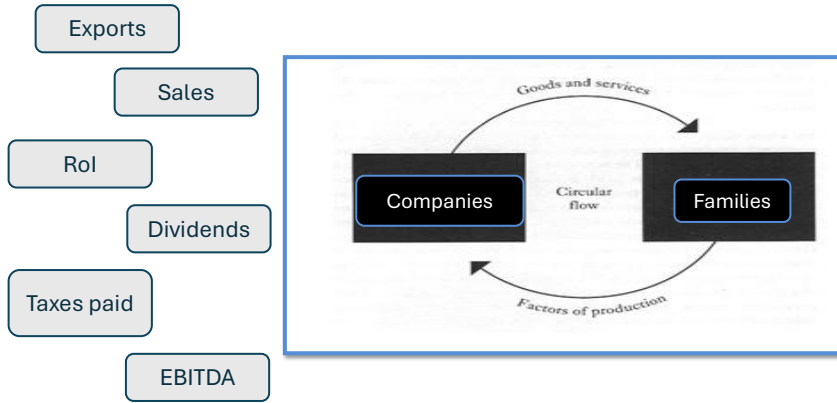
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Accountability and transparency



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Traditional performance measures



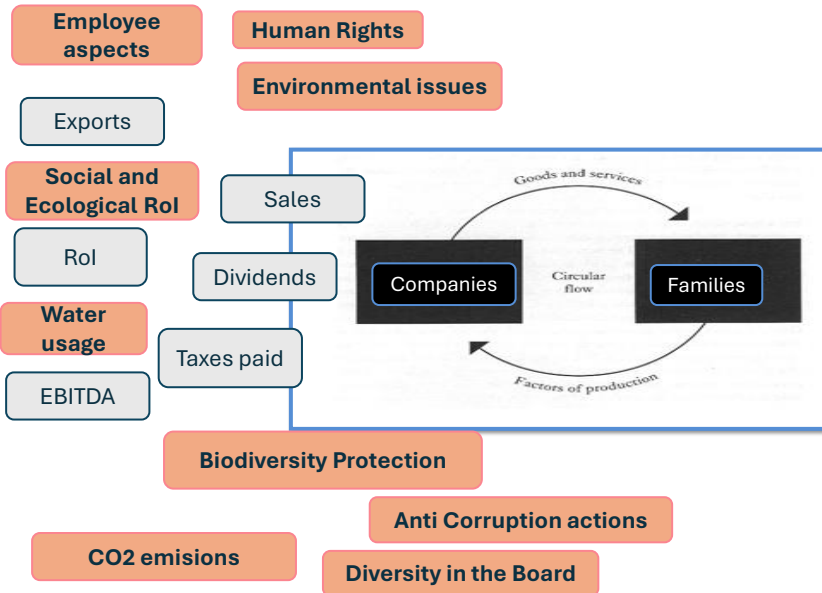
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MOODY'S

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New performance measures



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