

Delivering public value

Communication on Engagement

ACCA's support for the UN Global Compact
for the 24 months ended 31 October 2017





About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our **198,000** members and **486,000** students in **180** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. We work through a network of **101** offices and centres and **7,291** Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

UN Global Compact Principles

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

HUMAN RIGHTS

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;
and
Principle 2: Make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: The elimination of all forms of forced and compulsory labour;
Principle 5: The effective abolition of child labour;
and
Principle 6: The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility;
and
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Chief executive's statement

ACCA's public value mission is at the heart of everything we do as a professional accountancy body. We define public value as acting in the public interest; promoting ethical business; and supporting economic growth.

The primary way in which we deliver all this is through a supply of ACCA qualified professional accountants, all of whom are trained and regulated to the same high standard of ethics, conduct and practice globally.

It is by making our 198,000 members and 486,000 students across the world aware of the need to embrace responsible and sustainable business practice, as professionals and aspiring professionals, that we make our most significant contribution to the principles of the UN Global Compact.

This Communication on Engagement shows how we support the UN Global Compact through the education and training we provide to our members and students. It also covers some of the wider work we undertake as a global professional body to support and develop business and the profession, beyond our own members.

Through this Communication on Engagement, I am pleased to confirm that ACCA supports the ten principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption. With this commitment, we express our intent to continue to advance these principles within our sphere of influence and make a clear statement of this commitment to our stakeholders and the general public.

We also pledge to take part in the activities of the UN Global Compact where appropriate and feasible, such as participation in country/local networks, involvement in specialised initiatives and workstreams, engagement in partnership projects, and reviewing and providing commentary to participating companies on their Communications on Progress.



Helen Brand OBE
Chief executive



Creating responsible professional accountants – globally

The landscape for business and professional accountants is being reshaped by a host of current and emerging drivers – in business, politics, the economy, science and technology and society’s expectations of business.

PROFESSIONAL QUOTIENTS FOR FUTURE MEMBERS

In June 2016, we published a ground-breaking piece of research *Professional accountants – the future* – one of the largest global surveys ever into the future skills and attributes required by business and society. Our research showed that, to add value in the future, professional accountants will need an optimal and changing combination of professional competencies; a collection of technical knowledge, skills and abilities, combined with interpersonal behaviours and qualities. We’ve identified these seven professional quotients for success:



Technical skills and ethics (TEQ)

The skills and abilities to perform activities consistently to a defined standard while maintaining the highest standards of integrity, independence and scepticism



Intelligence (IQ)

The ability to acquire and use knowledge: thinking, reasoning and solving problems



Creative (CQ)

The ability to use existing knowledge in a new situation, to make connections, explore potential outcomes and generate new ideas



Digital (DQ)

The awareness and application of existing and emerging digital technologies, capabilities, practices and strategies



Emotional intelligence (EQ)

The ability to identify your own emotions and those of others, harness and apply them to tasks, and regulate and manage them



Vision (VQ)

The ability to anticipate future trends accurately by extrapolating existing trends and facts, and filling the gaps by thinking innovatively



Experience (XQ)

The ability and skills to understand customer expectations, meet desired outcomes and create value

Creating responsible professional accountants – globally

In October 2016, we unveiled exciting innovations to the ACCA Qualification, tailored to meet the strategic challenges of the 21st century's disruptive economy, deliver the quotients required, and maintain our members' reputations for excellence. This new ground-breaking design draws on an extensive, two-year review and consultation with members, employers and learning providers and will introduce:

- **Strategic Business Leader (introduced from September 2018)**
An innovative case study exam, based on a realistic business scenario. This integrated approach will provide the skills and technical expertise required by modern business where decisions need to be made, measured and effectively communicated to all stakeholders.
- **Strategic Business Reporting (introduced from September 2018)**
An enhanced exam exposing students to the wider context of finance and business reporting, giving them the vital skills needed to explain and communicate the implications of transactions and reporting.

- A new **Ethics and Professional Skills module (introduced from 31 October 2017)**
The first of its kind which focuses on developing the complete range of professional skills employers now need. It develops vitally important ethical behaviour and judgment, complementing this with the broader communications, commercial, innovation, analysis and evaluation skills vital for career success, all delivered through an interactive learning experience.

The Ethics and Professional Skills module was launched with a major global campaign around the importance of ethics, including a new insight report on *Ethics and trust in a digital age*, an Ethics Film Festival in Singapore, and a joint open letter to business on recommitting to ethical values with the Institute of Business Ethics in the *Financial Times*.



Impact

From 1 November 2015 – 30 September 2017, we admitted **28,522** new ACCA members globally.

Ensuring our members uphold ethics and professionalism

We ensure that our members adopt the highest standards of practice and ethical conduct globally. This covers six main areas of activity:

- standards and ethics
- licensing practitioners
- regulating and monitoring areas of practice reserved by statute
- quality assurance of firms
- investigating complaints
- discipline in respect of standards or rules breaches.

ACCA's Code of Ethics and Conduct is binding on all ACCA members and any partner or director in an ACCA practice. It is also binding on employees of any such practice, regardless of whether or not they are ACCA members or members of another professional body. As an IFAC member body, ACCA applies ethical standards that are at least as stringent as those stated in the International Ethics Standards Board for Accountants Code of Ethics.

You can find further information on our regulatory activities and impact in our dedicated regulatory report for 2017 at: http://www.accaglobal.com/content/dam/ACCA_Global/Members/Doc/rule/report-on-regulation-2017.pdf

Impact

Members must complete an annual return confirming they have maintained, and where appropriate, developed their ethical competence. Members who do not comply face strike off from ACCA's register. For the year ended 31 March 2016, **98.1%** of members were retained. For the year ended 31 March 2017, **97.9%** of members were retained.

ACCA-X: free online learning

An obstacle for many who aspire to be ACCA professional accountants is access to high quality, affordable tuition. We created ACCA-X, our revolutionary online learning solution in 2015, to help address this. It's our first venture of this kind, on this scale, brought to life through a partnership with EdX – a world-renowned online learning platform founded by MIT and Harvard – with content developed by Epigeum, a spin-out organisation from Imperial College London now part of Oxford University Press whose courses are used by 95% of UK Russell Group universities.

IMPACT: ACCA-X in South Africa

Gauteng City Regional Academy (GCRA) wanted to address issues of access to education for less privileged communities and work towards the transformation of the lives of young people who had matriculated but found themselves excluded from further education and training or employment for various reasons.

In April 2016, ACCA South Africa and Gauteng City Region Academy (GCRA) came together to launch the ACCA-X programme with 250 targeted learners from around the province. This provided opportunity to young people interested in the accounting profession but without the means to attend a university or any other form of further education.

The programme is designed to support learners in becoming future business leaders and entrepreneurs in order to contribute to the economy of the province.

Learner endorsements

"I matriculated last year and I knew that such an opportunity would come one day. I never heard about ACCA before. I was disappointed not finding space in any university. I grab this opportunity to shine." Aremelo Sitholle

"I never dreamt that I'll be doing accounting...ACCA chose me and I grabbed it! I would like to thank ACCA for this programme." Sibonga Khozi

IMPACT: ACCA-X in Afghanistan

In August 2016, the American University of Afghanistan (AUA) in Kabul was attacked by militants, leaving 13 dead and 44 injured. As a result the university closed and 300 Afghan accountancy students studying for ACCA exams were left unsupported, without classes or tuition.

Since the attacks, the ACCA has activated an online learning portal for students in Afghanistan. The portal, known as ACCA-X, gives them interactive courses, with online tutors, downloadable materials, forums to discuss topics with fellow students, and mock tests.

By December 2016, over 300 Afghan students had enrolled onto ACCA-X. ACCA began training Afghan accountants in 2012 at the AUA, in a partnership with the university to build tutoring and training capacity, and to provide professional exams.

In due course these accountants will contribute to the rebuilding of Afghanistan's war damaged economy.

"The accountancy profession is vital to Afghanistan's economic development and business growth. Training people to globally recognised professional standards is vastly more effective than simply pouring in development money" says Professor Rod Monger, Special Assistant for Management Education, American University of Afghanistan.

Impact

From 1 November 2015 to 30 September 2017, we've welcomed over **165,000** enrolments from **238** countries and territories and built up a network of **78,000** followers on social media.

Professional insights that drive responsible business practice

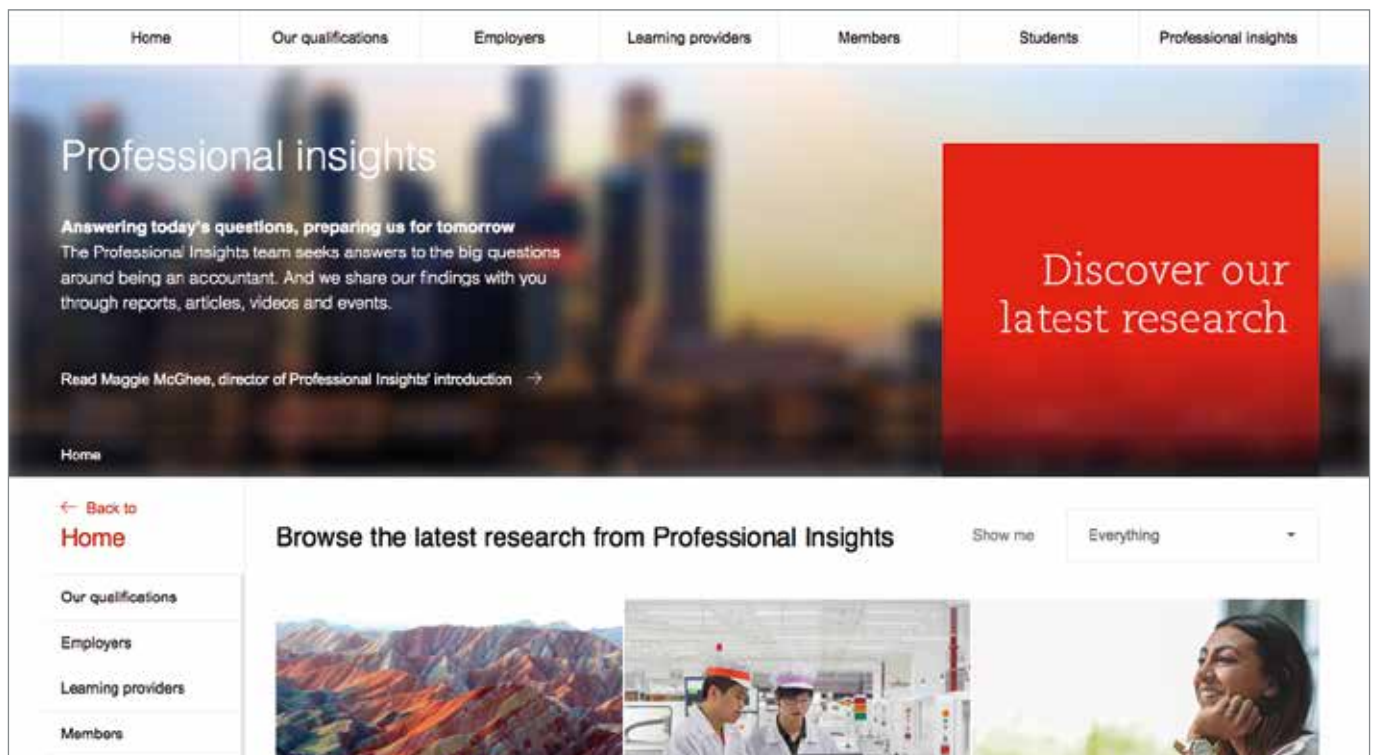
We've continued to produce a global portfolio of professional insights reports that promote better and more sustainable business practice.

In November 2016 and November 2017, we ran our annual online virtual conference *Accounting for the Future* which provided free access to insight and learning for our members and is also free of charge to other ACCA stakeholders. A new Professional Insights App was launched to coincide with the 2017 conference.

In April 2017, we launched a new Professional Insights hub on our website to give members, students and other stakeholders easier access to all our technical insights and knowledge. Every one of our professional insights reports is available free of charge online and promoted widely to members, students, employers and other stakeholder globally.

The strategic alliance we announced with Chartered Accountants Australia and New Zealand in June 2016 has led to significant technical collaboration including a major joint report on public attitudes to tax across the G20 countries, in partnership with IFAC.

Our insights are also showcased through our twice-yearly *Accountancy Futures* journal, which summarises critical issues for the profession and the global economy. *Accountancy Futures* is distributed to the wider business community through our network of 101 offices and centres.



Key professional insight publications: 1 November – 30 September 2017

Some of our most relevant reports to the UN Global Compact principles include:



ETHICS AND TRUST IN A DIGITAL AGE (August 2017)

This report draws on the views of 10,000 ACCA members, students and business leaders globally to examine the challenges raised by new technologies. Through a range of case studies, and drawing on the principles of the International Ethical Standards Board for Accountants (IESBA), the report offers insight and guidance to professional accountants and auditors on issues from cyber-security to crypto-currencies.



EMERGING FROM THE SHADOWS: THE SHADOW ECONOMY TO 2025 (June 2017)

Emerging from the shadows, the shadow economy to 2025 provides a comprehensive examination of the global SE. The report is divided into four sections: SE forecasts for 28 countries to 2025, key factors shaping the SE, the impact and management of the shadow economy and finally recommendations for the accountancy profession.



BALANCING RULES AND FLEXIBILITY FOR GROWTH IN AFRICA (June 2017)

This report examines frameworks of corporate governance for listed companies in 15 countries across Africa, comparing the requirements in place against those of the 2015 OECD Principles of Corporate Governance and KPMG's Board and Governance Principles.



INSIGHTS INTO INTEGRATED REPORTING: CHALLENGES AND BEST PRACTICE (April 2017)

ACCA has critiqued corporate reports produced by participants from the International Integrated Reporting Council (IIRC)'s <IR> Business Network and interviewed leading integrated reporters, to distil practical advice for organisations new to integrated reporting.



G20 PUBLIC TRUST IN TAX (March 2017)

This report, published jointly by ACCA, IFAC and CA ANZ, is the first ever in-depth study of people's views and who they trust on international taxation across all of the G20 Nations.

Key professional insight publications: 1 November – 30 September 2017



BANISHING BIAS? AUDIT, OBJECTIVITY AND THE VALUE OF PROFESSIONAL SCEPTICISM (May 2017)

This report explores the importance of cognitive biases to the audit process. It explains how these biases are central to improving the exercise of professional scepticism and to understanding the fundamental ethical principle of objectivity.



ACCA CULTURE GOVERNANCE TOOL (January 2017)

ACCA developed this tool on the basis of research conducted since 2012 under a global initiative called Culture and channelling corporate behaviour. As part of this ACCA held a series of international roundtables in London, New York, Dubai and Bengaluru alongside a survey of ACCA's global membership, to which close to 2,000 members responded.

Subsequent research inspired by the findings called *Effective speak-up arrangements for whistle-blowers* also informed the development of the tool.

The ACCA culture-governance tool helps organisations review culture and determine the course of change.



THE USE AND USEFULNESS OF INTEGRATED REPORTS (September 2016)

This report explores how providers of financial capital perceive integrated reporting (<IR>) and its potential for providing decision-useful information, through interviews with senior capital market participants.



MAPPING THE SUSTAINABILITY LANDSCAPE (May 2016)

While there is much agreement in what different reporting initiatives seek to achieve, there is also a sense of confusion and fragmentation. We are headed in the right direction but can, at times, appear lost in a multiplicity of standards and frameworks. This report analyses the current state of play and proposes terminology, tools and approaches for charting routes through the landscape. The report examines the changing nature of corporate reporting; the components that make up the sustainability reporting landscape; the challenges facing sustainability reporting; and proposals for bringing order to sustainability reporting.



CULTURE AND CHANNELLING CORPORATE BEHAVIOUR (December 2015)

This final instalment of ACCA's project Culture and channelling corporate behaviour contains the results from the ACCA member survey. It supports the ethos that 'tone at the top' is the most influential driver of corporate behaviour across all age groups, geographic locations and sectors. Financial and non-financial incentives come second, followed by rules and procedures and personal agendas.

Leading support for integrated reporting

ACCA has been closely involved with the International Integrated Reporting Council (IIRC) since its inception in 2011 and we have remained a proactive and committed supporter of its activities and the integrated reporting movement.

ACCA's chief executive, Helen Brand, serves on the Board of IIRC and ACCA's executive director – strategy and development represents ACCA on IIRC's Council.

In addition to our Professional Insights work on integrated reporting, we have sponsored the past two IIRC international reporting conventions and we have provided technical support to the IIRC to help them undertake reviews of integrated reporters' compliance with the International <IR> Framework.

In September 2017, ACCA's Council granted Paul Druckman, the former chief executive of IIRC, the rare award of ACCA honorary membership in recognition of his work in transforming the corporate reporting landscape.

In addition to examining integrated reporting extensively in the ACCA Qualification, we also publish an integrated report on our own performance and prospects every year. All our reports are compliant with the International <IR> Framework. Our latest report for the year ended 31 March 2017 can be found at: <http://annualreport.accaglobal.com>

Impact

In his honorary ACCA membership acceptance speech, Paul Druckman described ACCA as "a key player in generating the epidemic that has resulted in integrated reporting being adopted by **62 countries including the G20**".

Integrity in our workforce and our operations – globally

VALUES-DRIVEN

Everything we do at ACCA is guided by our five core values – opportunity, diversity, innovation, accountability and integrity – which act as an important point of connection between ACCA members and our employees.

UPDATED ETHICS TRAINING

Internally, we maintain a range of policies and procedures that help keep our workforce on top of their obligations and to safeguard ACCA. Key advances have included new training, launched in August 2017, on our Code of Ethics for employees. The Code itself has been in place since 2013 but this new, innovative online course – *Doing the Right Thing* – better helps our people protect ACCA's reputation, ensure we are meeting our obligations under the UK Bribery Act, and contribute to the creation of the right culture across ACCA.

Impact

Since its launch in August 2017, **99.39%** of the ACCA workforce has successfully completed our *Doing the Right Thing* training.



ACCA

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ABOUT THIS DOCUMENT

This Communication on Progress highlights the main ways in which ACCA – as the global professional accountancy body – promotes and upholds a responsible and proactive approach to business and individual development, in accordance with United Nations Global Compact principles.