

Dear Reader,

The world which has emerged from the global pandemic is one in which governments have committed to a green economic transition in pursuit of the ambition of keeping global temperature rises at or below a 1.5°C increase on pre-industrial temperatures. Accountants have a critical role to play in supporting private and public sector organisations in decarbonising through the discipline and objectivity they can bring to transition plans towards net zero, targets and measurement along the way, and accounting for organisational performance to investors and other stakeholders.

The release of the first two sustainability accounting standards from the IFRS Foundation in June 2023 – IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* – is an epoch-defining moment not only for the development of sustainability-related financial disclosures but for the accountancy profession itself. Following IOSCO’s endorsement of these two new standards, and jurisdictional adoption of them, accountants will be required to report to investors how material sustainability risks and opportunities are affecting their past performance and future prospects. The characteristics of such information include:

1. **New time horizons**, in which forward-looking projections provide a counterweight to past performance,
2. **New horizons in reporting boundaries**, including the organisation’s value chain,
3. **New connections** between sustainability-related disclosures and financial disclosures, and a
4. **New language of accountancy**, in which an organisation’s ability to create financial value is inextricably connected with value creation, preservation or erosion across other types of capital, such as natural or human capital.

In addition to these first two standards from the IFRS Foundation, the EU is expected to adopt the final Corporate Sustainability Reporting Standards in August 2023. This comprehensive suite of corporate reporting standards would require a large number of listed companies in the EU to report against an extensive range of environmental, social and governance issues, including both the impact of these issues on a company’s financial performance and the impact of the company on society and the environment. The SEC’s climate reporting rule, which would require public companies to report their Scopes 1, 2 and 3 emissions, initially anticipated for release in April 2023, is not now expected to be released before the autumn.

Whichever perspective one takes – global, regional or national – the landscape of accounting is changing dramatically and irreversibly. AICPA & CIMA, as the world’s largest management accountancy association, and its members working in businesses around the world, have a crucial role to play in the success of these initiatives.

We have been supporting our members in a variety of ways, such as executive education and training, external commitments with other professional accountancy institutes, thought leadership, advocacy with standard setters and leading by example through AICPA & CIMA’s plans to transition to net zero. Selective examples include:

#### [Executive Education](#)

In February 2023 we announced – to coincide with our sponsorship of the inaugural IFRS Sustainability Symposium in Montreal – a new partnership with the University of Oxford’s Saïd Business School to develop online executive education courses on sustainability for accountancy professionals. We will be launching the first of these courses in September 2023 called ESG and Sustainable Financial Strategy.

### [A4S Accounting Bodies Network Net Zero Commitment \(October 2021\)](#)

AICPA & CIMA made a public commitment, along with twelve other global accounting bodies, through the A4S Accounting Bodies Network to reach net zero emissions as soon as operationally feasible and report our progress against that plan on an annual basis. Since making that public commitment, we have started to baseline our emissions across areas that are most impactful for us as a professional membership organization: facilities, travel, and purchased goods & services. Once we have a more complete set of baseline data, we will develop a pathway to net zero, with specific metrics and targets.

### [GAA's Call to Action in Response to the Nature Crisis \(March 2022\)](#)

In March 2022 the CEO of AICPA & CIMA, Barry Melancon, along with nine chief executives of the world's leading accounting institutes, signed the Global Accounting Alliance's (GAA) *Call to action in response to the nature crisis*. Written in anticipation of the UN Convention on Biological Diversity COP15 that took place in December 2022, the statement acknowledges the opportunity for the world to adopt a transformative international agreement on nature and called on businesses to be part of the solution. It recognises the crucial role the accountancy profession and its members must play in the protection, restoration and sustainable use of natural resources.

### [Accounting for the Sustainable Development Goals \(2021\)](#)

This report, created by AICPA & CIMA's Global Management Accounting Research and Development team as part of a major research theme on Sustainability and Business, highlights the factors finance professionals must be focused upon to support the delivery of the United Nations 17 Sustainable Development Goals.

### [Accounting for Carbon \(2022\)](#)

The report helps finance professionals build their climate emergency literacy so they can lead and support the journeys of their organisations, firms and clients to adapt their business models and reduce their carbon footprints in the global race to net zero.

### [Accounting for Climate Resilience \(2023\)](#)

The report is designed to help accounting and finance professionals lead climate resilience for their organisations through scenario analysis and the development of adaptation plans. Building organisational climate resilience is a priority if the 1.5°C increase in global temperature is breached by mid-century, as anticipated by the Intergovernmental Panel on Climate Change.

CIMA has been a signatory to the UN Global Compact since 2010, and our annual Integrated Reports for 2022 and 2023, attached to this letter, reaffirm our commitment to its Principles and the Sustainable Development Goals. In accordance with this commitment, we advance the Principles within accountancy, and make a clear statement of this to our stakeholders and the public. CIMA also takes part in activities of the UNGC, participating in local and national networks, specialised initiatives and workstreams.

Yours sincerely,

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Chief Executive – Management Accounting