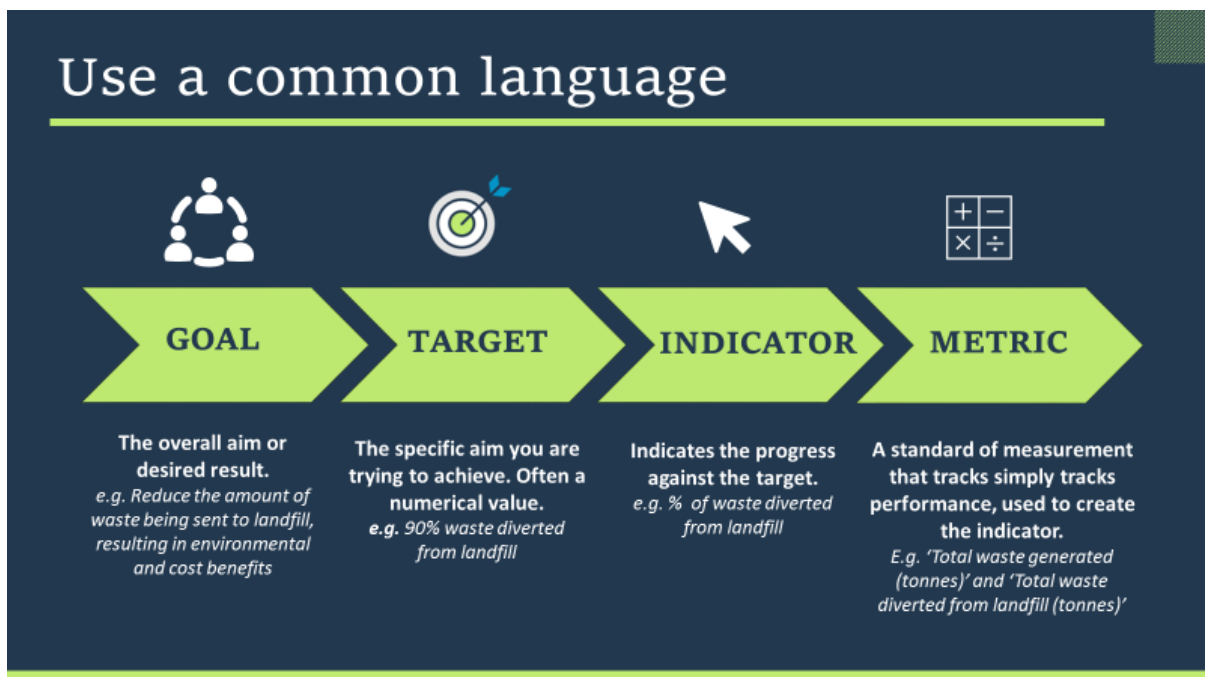


## Do we really manage sustainability performance?

I doubt if many accountants read my blogs but I suspect most of my readers have a basic grasp of financial principles. Businesses are legally obliged to produce an annual financial report to a very specific format. It details how much the businesses has earned, how much it spent, how much it invested, if it made a profit or loss and what assets are held on the balance sheet. This is an established convention. It is auditable, transparent and consistent. In the sustainability world, we don't quite have that but there are various reporting conventions such as DJSI, GRI etc that provide some idea of an organisation's sustainability performance.

However, we don't manage the financial performance of a business using an annual report. If we did we would not be in business for long. We use management accounts to track our income and expenditure regularly so we can spot early problems and do something about them. We create forecasts to understand the probability of hitting our profit targets. Managements around the world spend a lot of time pouring over these figures to ensure the health of the business.

Do we have the equivalent of management accounts in sustainability? In most cases no. Frankly most organisations run round at the end of the year to collect data for their GRI reports or to gather evidence when the ISO 14001 auditor turns up (other standards are available). We need to move our profession on to regularly collect data on our key sustainability goals and make adjustments to our plans to achieve them in real time. The diagram below from my colleague at Action Sustainability sets out a very simple structure for doing this. Of course this isn't an easy thing to do, particularly when we come to measure the performance of our supply chains. However, if we are to make sustainability management universally adopted we need to go there.



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