

# Policy Statement

*Standing for trust and integrity*

January 2009

## Sustainability

### The Contribution of the Accountancy Profession

*FEE (Fédération des Experts comptables Européens – Federation of European Accountants) wishes to share its strategy on sustainability in the form of a series of policy statements<sup>(1)</sup> on core issues in relation to sustainability and the accountancy profession. FEE acknowledges that the urgent nature of the challenge of sustainability is becoming widely recognised. At the level of the organisation, accountants, whether in business, the public sector or within the world of professional practice, must rise to the challenge of sustainability which touches on many areas of traditional competencies.*

#### About FEE

FEE represents 43 professional institutes of accountants and auditors from 32 European countries, including all 27 EU Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, business, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

FEE acknowledges that the urgent nature of the challenge of sustainability is becoming widely recognised. There is a broad consensus that humanity's "ecological footprint" exceeds the capacity of the planet – but we only have one planet. In accounting terms we are living beyond our income and therefore we are destroying our capital. A consequence of the destruction of capital is that, even if a sustainable level of consumption is attained, it will be at a lower level than it need have been if capital had not been destroyed. Each year of unsustainable living will reduce long term sustainable prosperity.

At the level of the organisation, accountants, whether in business, the public sector or within the world of professional practice, must rise to the challenge of sustainability which touches on many areas of traditional competencies. These include not only financial reporting and assurance, but also corporate governance, management accounting, systems and controls. In addition there is an increasing demand on organisations to provide non-financial information and indicators, including sustainability indicators, as part of their annual reporting, strategic planning and decision making. The accountancy profession should be, and increasingly is, developing connected reporting models which link financial and non-financial metrics. The profession is also applying its expertise in providing independent assurance to innovative corporate reporting in the area of sustainability.

Accountants within and outside organisations should help operationalising this general concept of sustainability at the level of strategy formulation, process improvement and performance measurement. Key areas to be considered, all of which are touched by the concept in very pragmatic ways, include: corporate policies, accountability and reporting, the need for

stakeholder engagement, impacts of voluntary codes, supply chain pressure, rating and benchmarking, and the influence of regulatory measures including eco-taxes, subsidies and tradable permits.

The accountancy profession acts in the public interest to provide information, and assurance on information, in order to guide the careful stewardship of resources, and to form a basis for decision making. This information may be financial or non-financial. FEE believes that the profession should build on the broad and important role it already plays regarding the relevance and reliability of financial and other information.

<sup>(1)</sup> Other Policy Statements issued:

- Cost Internalisation, January 2009
- Non-Financial Information, January 2009
- Multiple-Stakeholders: The Essence of Multidisciplinary Teams, January 2009

