

An aerial view of two kayakers on a deep blue lake. The kayakers are in white kayaks with yellow and orange accents. They are paddling away from each other, leaving white wakes in the water. The water is a vibrant blue with ripples and small waves.

**ACCOUNTANTS
AND SMEs
CREATING A
SUSTAINABLE
WORLD:
STORIES**

Think Ahead

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **233,000** members and **536,000** future members based in **178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in **our purpose**. In December 2020, we made commitments to the **UN Sustainable Development Goals** which we are measuring and will report on in our annual integrated report.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

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About this report:

SMEs represent about 90% of businesses and more than 50% of employment worldwide and global environmental and social challenges can only be addressed appropriately with small business sector fully involved. Accountants as trusted advisors to SMEs can take the lead, gain influence with business owners and deliver real effective change at the heart of SMEs.

This collection of stories of small businesses at different stages of their sustainability journey drawn from all over the world, offer a wealth of ideas, real experiences, and recommendations for SMEs.

Introduction

Around 90% of the world's businesses are small to medium-sized enterprises (SMEs), employing over 50% of the global workforce. These businesses are critical to the functioning of the global economy and are present in almost every capacity and every supply chain. Their sheer volume also means that they are essential to building a more sustainable world.

Many SMEs realise they have no choice but to get on with this if they are to survive the rapid change happening in the world and a growing number are finding ways of engaging in the sustainability journey, but it may take more time than they envisioned before the benefits become clear. Struggling from the impact of the Covid-19 pandemic, small business owners have challenges finding time and resources to rethink and reshape their business models or analyse the sustainability of their supply chains. Larger companies are required to take concrete steps and report on their non-financial-information, and to cascade those requirements down the supply chains. Now, SMEs need to be ready and equipped to do the same due diligence.

Despite the challenges, managers of many small businesses are already changing the way they run their firms, as they are finding that it is important for their businesses' ability to create value in the long-term and see it as a responsibility to the society. Furthermore, many have found that by adopting sustainability principles and setting relevant targets, they can reduce their carbon footprint and work towards making more positive impacts on people and the planet.

Accountants in SMEs and small to medium-sized practitioners (SMPs) can offer the depth of analysis needed to enable their companies and clients to make better informed decisions about implementing more sustainable practices in business operations – and are often acting as agents of change.

This collection of stories is from a broad range of small businesses, each being at a different stage of its sustainability journey. We spoke to SME owners who lacked so many resources in their region that raising awareness was all they could do.



We had conversations with smaller accountancy practices from a variety of different countries that have been through sustainable transformation themselves and found they could help others do the same. While nearly everyone mentioned common problems that SMEs face in their sustainability journey, they were all promising: sustainability is an opportunity, there are many routes businesses can take, and enough support if you know where to look. Regardless of their type of business or the stage it has reached in the sustainability journey, all our interviewees had a common goal and outlook: taking action, understanding their stakeholders' changing needs better and leading the agenda in the broader business community.

These stories, drawn from all over the world, offer a wealth of ideas, real experiences, and recommendations for SMEs at any stage of the sustainability journey. Our interviewees tell us that aligning sustainability goals and targets with overall business's purpose and strategy is essential now for all SMEs, and furthermore such commitment can have disproportionately positive effects on costs, competitive advantage, attracting and retaining talent, growth and licence to operate. In other words, sustainability is no longer a 'nice-to-have' but a clear imperative for any business of any size. So whatever stage your SME or the SMEs you work with have reached, we hope that this collection will inspire you to make the changes necessary to protect our world and future proof your business.

Supporting accountants in SME and SMPs in their sustainability journey, ACCA together with our strategic partner Chartered Accountants Australia & New Zealand (CA ANZ) developed a practical playbook *How SMEs can create a more sustainable world* that details steps that SMEs and SMPs can take to kick-start their sustainability journey, explains the practical benefits of doing so, provides information about practical tools and includes a call to action to accountancy and finance professionals to support SMEs' sustainability journey. Various sections of the playbook are cross-referenced after each of the stories included in the collection to support you in navigating through the practical material.





Easier actions with large impact

James Lizars, UK

James talks about:

- the simple steps that small businesses can take to become more sustainable – every little step counts
- the difficulties to measure the impact of sustainability
- initiatives that his practice is undertaking in sustainability field.

James Lizars's tech firm-focused accountancy business, Thrive Accountants, has a different approach to sustainability than most. For a starter, they've been trying to be more ESG-minded since 2017, when Lizars was introduced to the UN Sustainable Development Goals, and long before the idea of sustainability was as popular as it is today. Second, Lizars has an eminently practical approach to sustainability. His theory is simple: find the easiest thing to do, with the largest impact, and just do it.

He believes that the best, most impactful approach for now is to 'make as much difference as you easily can, do it across as many businesses as you can' and says that you can 'get inactive people to do it the easy way, en masse'. Lizars thinks that the need for speed outweighs the need to get it absolutely right. As an example, he describes ethical investment funds that are required to be only 90% ethical. Instead of waiting for the perfectly ethical investment fund, people should take what's available at the moment. 'You have to decide to commit, and to take the quick approach. The more of us that do, the more likely these funds will then sharpen up' he says.

But Lizars adds that it can be hard for accountants to do this. 'We're a risk-averse profession', he says. He explains that one of the difficulties for accountants is their approach to measurement; 'we're obsessed', he says, 'we say what you measure you manage, and that's wise

and on point, but the difficulty is that when it comes to sustainability it's really hard to measure the impact'.

'You can measure the cost pretty well, but not the benefit. So the risk is that as accountants we only do the stuff we can measure accurately, and not the stuff that – on instinct – is going to have the biggest impact'.

He says the solution is for accountants to: 'Suck it up, adapt, take the risk aversion and park it, and just be entrepreneurial in the battle – our clients are going to have to do it, so let's support them'.

Thrive has taken plenty of its own steps – driven forward by Lizars's personal passion for sustainability. 'We're taking part in the [Million Tree Pledge](#)', he says, 'and I think we've probably planted 30,000 trees directly, and through our clients 35,000 more'. And the firm is also part of [B1G1](#), a global giving movement that for every self-set milestone a business reaches, it gives to a project elsewhere in the world. 'My favourite project is based on micro loans – every time we get a new client, we give to this project, and they use the money to make a loan to a female entrepreneur in Malawi. When her business is successful, she pays back the loan and it's loaned out again'. That's the kind of leverage Lizars is looking for in his sustainability projects.



On the home front, Lizars is critical of the lack of availability of easy-to-use tools enabling businesses to calculate their carbon footprint but says that a modicum of guesswork will do in most cases.

'In the UK, we mostly have service businesses. You can calculate quite a lot of your emissions accurately, and then more or less estimate the rest. Then if you offset double your amount and work to reduce your footprint then you know that you are doing well. And carbon offsetting is cheap at the moment – so do it now!'

Lizars says that carbon calculation tools could be more tailored towards the business segments typical of the UK.

Even though Thrive doesn't have a sustainability as a stand-alone service. Lizars still advises clients when he can, tending to help them with simple sustainability projects first: 'things like getting them to work with banks and pension funds internalising sustainability, or running their payroll alongside giving projects'. Thrive is also hoping to become a B Corp certified¹ shortly, and Lizars says that the B Corp methodology is great for helping clients with their sustainability – even if they don't want to commit in the end.

Ultimately, says Lizars, 'the thinking [about sustainability] isn't quite there in the accounting sector'. But for small practices, it should be among the easier things they can do for themselves. The most important thing small and medium-sized practices can do, is take the first step, he says, 'since you often find that once you do something, you're inclined to do something else'.

To find out more about the ways accountants can support SMEs on the path to sustainability check out **Accountants Take the Lead** Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.



¹ You can find more information about B Corporation certification and its benefits for small businesses in a recent ACCA Article [here](#).





Collaboration is key to driving sustainability by SMPs

Sarah Whale, UK

Sarah talks about:

- her journey from operational finance to 'sustainavistas' encouraging accountants to add value through sustainability advisory
- the challenges of explaining the long-term impact of sustainable transformation to her clients
- the ACCA Practice Room community sessions focused on sustainability awareness raising for SMPs

Sarah Whale FCCA is a member of sustainavistas, a network of professionals committed to creating an impact, and she's passionate about encouraging accountants to add value through sustainability advisory work. She says:

'Working with others allows you to learn, avoid repeating mistakes and speed up what you are trying to achieve. Moving our world to a sustainable place requires the entire finance community to drive this change'.

After spending over a decade in operational finance, Whale qualified in sustainable finance at the Cambridge Institute for Sustainability Leadership and is a B Leader, having taken a training programme by B Lab UK to empower people who want to lead organisations through the B Corps certification.

Just in the middle of Covid-19 pandemic, Sarah launched an SME financial consulting challenger business – Profit Impact, which helps SMEs measure and increase their positive social, environmental and financial impact.

Which she calls her best example of stepping out of her comfort zone.

Explaining to clients that there are no shortcuts is an important early step. 'No KPI [key performance indicator] is an indicator of success', Whale says. 'You have to explain to clients that it will take time for the impact to show. This is our biggest challenge'.

Accountants must constantly consider how to improve the matrices that help shape relevant key performance indicators (KPIs) if they are to unravel the challenges of pricing intangibles, such as carbon emissions and digital and data-related risks, and the impacts these have on their business and society at large².

Whale supports awareness-raising on sustainability and collaboration and leads monthly ACCA 'Practice Room' sessions. These are global peer-to-peer community discussions dedicated to supporting SMPs in understanding which steps they can take to transform their own businesses to more sustainable ones and advise their clients accordingly.

To find out more about the role of SMEs in the transition to sustainable future, check out *The role of SMEs* Section of the ACCA and CA ANZ practical playbook *How SMEs can create a more sustainable world*.





Finding meaning in sustainable business³

Frances Carter, Australia

Frances talks about:

- her journey from accountancy professional to sustainability activist
- how financial services can contribute to conservation of nature
- how a finance professional can support agricultural sector and help prevent deforestation

Frances Carter CA worked as an accountant for 10 years and then changed career direction. She worked for the Australian Red Cross in Botswana and then completed two master's degrees in international business management and another in sustainability management.

Carter is now based in Adelaide where she works as a sustainability consultant for two international environmental consulting firms, working on projects with large resources, and with a variety of companies and international governments, as well as small businesses.

'I always had a passion for conservation and the environment so I thought I'd combine that with my accounting', she says, adding that Australian companies, in her view, are 'very much behind the curve' on sustainability compared with European and American companies.

Carter is interested in how financial services can contribute to conservation and livelihoods. 'Sustainability must be embedded in every aspect of a business's strategy and operations. Whether you're a multinational corporation or a subsistence farmer the same principles apply'.

She's currently working with an international not-for-profit, the Indonesian government and smallholder coffee growers to increase their productivity while discouraging deforestation in a national park. A host of other experts are also involved in trying to help growers improve yields and adopt more sustainable practices without expanding their plots and planting a bigger area.

Measures to ensure they can get a fair price for their crop are a key consideration, because this raises their quality of life and means they can afford school fees, particularly for girls. She's also working with banks to provide micro-loans to the farmers. Carter says:

'I start with a Theory of Change Model, begin at the end goal – to conserve the forests and then work backwards to see how we achieve this'.

She says it's a win-win for everyone. Coffee farmers produce more and increase their income, the forest is saved, and multinational coffee companies are assured of sustainable supplies that don't involve deforestation or pushing people into poverty.

To find out more about how SMEs can voluntarily reduce greenhouse gas emissions and participate in global initiatives check out **Take Action: Climate and the Environment** Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.

³ First published as part of *How SMEs can create a more sustainable world: a playbook for accountants in practice and finance teams in small and medium-sized organisations*.



Awareness, reporting, advisory – one accountant’s plan for helping Pakistan go green

Aleena Kareem, Pakistan

Aleena talks about:

- raising awareness about sustainability and SDGs in Pakistan and its challenges
- the recovery as the perfect opportunity to transform the way we do business
- Pakistan’s IT talent and how the group can support sustainable transformation of businesses

Aleena Kareem’s professional portfolio is impressive. As well as being a co-founder of Pakistan-based SHAOOR Training and Consultancy, she is vice-principal, international trainer and a tutor at SKANS School of Accountancy and holds a range of volunteer and ambassadorial roles across the ESG sector. Her LinkedIn profile describes her as a ‘sustainability enthusiast’ – but ‘warrior’ might be a more accurate description.

Kareem has trained her substantial focus on spreading awareness of sustainability in Pakistan – and it’s an uphill battle. Outlining the situation, she says:

‘Very few people are even talking about sustainability here. There are some multinationals, such as Nestlé, who are doing it because the international nature of their business demands it, but among others it’s not even really a topic of conversation’.

Kareem wants to change all that and has started a business she hopes will bring sustainability into the mainstream. Using the UN Sustainability Development Goals as the firm’s guiding light, Kareem aims to educate businesses on

the necessity for – and the opportunity from – sustainable practices. ‘Because of the lack of understanding among Pakistani businesses, we have to start with the sensitisation and awareness side, then it’s my hope we will move onto sustainability reporting, and finally sustainability advisory’, she says, outlining her company’s growth plan.

So far, the company has made some strong connections. ‘We always tailor the presentation to the type of company we’re talking to’, says Kareem, ‘and our starting point is that this can be of benefit to the bottom line for them, and not an expense they can’t bear’. But it has been a struggle, she explains. ‘Because of Covid-19 and the lockdown, many businesses in Pakistan are in survival mode – this isn’t even something they feel they can devote time to’. Even her own business has felt the impact – ‘we haven’t been able to speak to as many people as we would have liked’, she says.

Kareem believes that the recovery is the perfect opportunity to transform the way we do business. She agrees that the sustainability agenda needs to be closely connected to the recovery agenda, saying ‘MSMEs [micro, small and medium-sized entities] in particular need to understand that survival and sustainability are not mutually exclusive’.



And Kareem thinks that Pakistan's talent pool could help rapidly accelerate the reporting side, at least.

'We have so much incredible IT talent here that it would be perfect if the software community got hold of this – they could create tools that companies could use, and then those tools could be exported'.

Kareem has dedicated plenty of time to talking with software companies about sustainability issues, but says that the appetite for such information, while encouraging, will not grow much without regulation.

Some of the sustainability drivers found in other countries are missing in Pakistan, explains Kareem. She says:

'Gen Z here is not pressuring organisations to go green, and people aren't talking about it in their job interviews. The level of awareness is low in society, as well as at the corporate level'.

She believes that more pressure needs to come from consumers and other stakeholders: 'only if we as individuals take responsibility, will companies and government take notice and begin to measure and report'.

It's not an easy path to tread, but Kareem is optimistic. 'We have a vision and a roadmap, and we are building capacity' she says. And she also argues that there are personal benefits too: 'I feel I have a responsibility to do this – I am doing something good and diversifying as a professional. Only about 5% of people are even aware of sustainability here', she says. So, with her business, teaching, and volunteering, it's clear that should sustainability take off in Pakistan, Kareem will have played no small part.

To find out more about connecting within their local communities to engage on sustainability issues and raise awareness check out **Take Action: Governance and Partnerships** Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.





The finance function as an agent of change

Tom Finn, USA

Tom talks about:

- his vision of the CFO as an agent of sustainable transformation and change
- the importance of sustainability in attracting talent to SMEs
- the need for more green finance for SMEs

Tom Finn, chief financial officer (CFO) at Streamline Healthcare Solutions in Chicago, believes that small businesses have an advantage in tackling sustainability – and that their finance function should be responsible for leading on it.

His career has been guided by his interest in and passion for small and medium-sized businesses. 'I interned for a large accountancy company and it wasn't for me – at smaller businesses you can see the impact you have', he says.

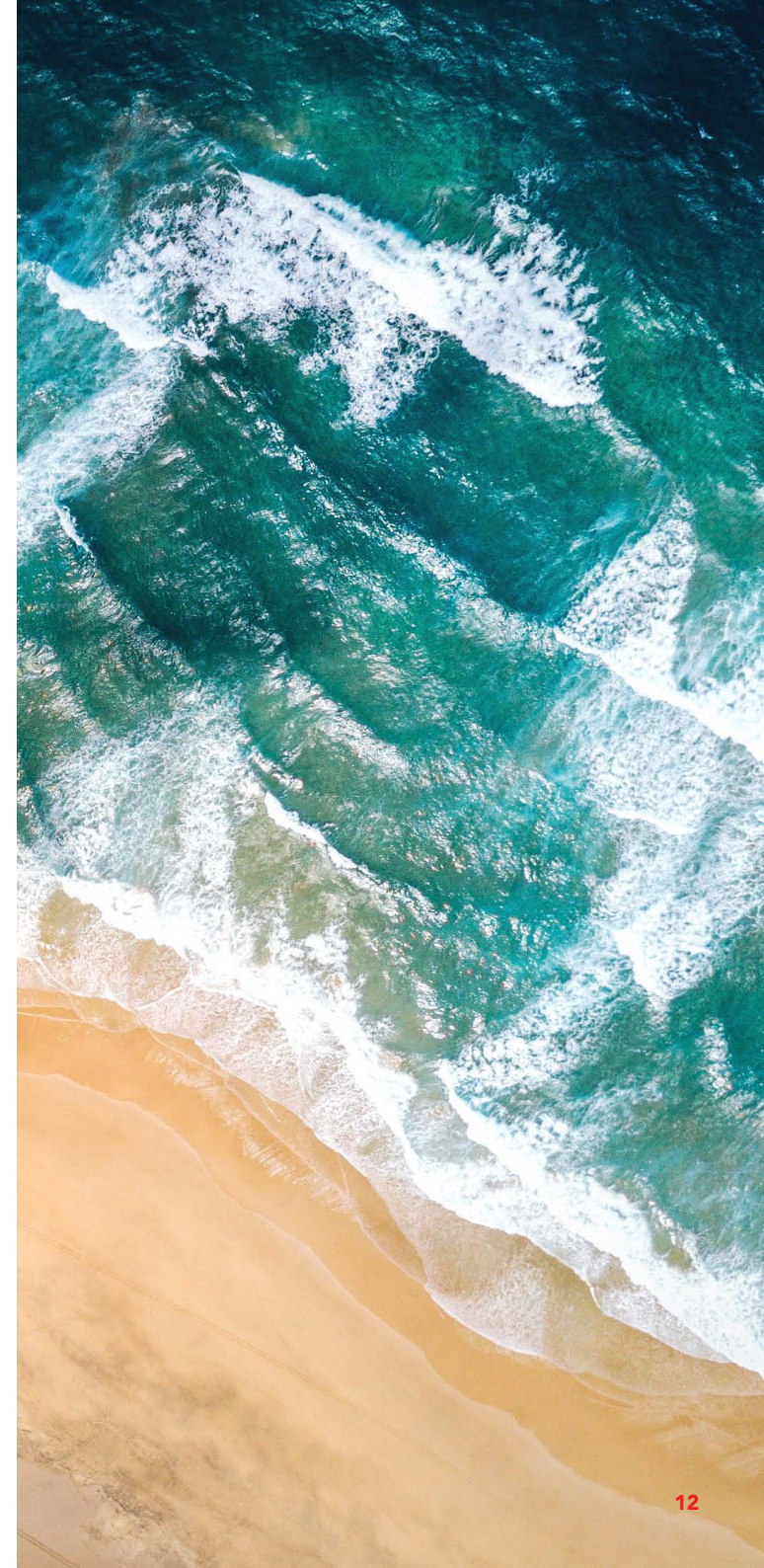
Finn is enthusiastic about the ability of small businesses to make big changes. 'Over the course of the pandemic, particularly, we've seen a greater desire for local products and services', he says, explaining that the very visible impact of near-worldwide shut-downs has led people to see just what important roles small businesses play in the community. 'With SMEs', he says, 'you get more transparency and accountability about products and the supply chain, among other things'. And because small businesses tend to work where their employees live, their people are visible in the community. At Finn's firm, structured volunteering is encouraged, and he is keen to make sure that his employees can see they're making a difference for the community.

'We work in mental health, providing software to our clients – who I actually prefer to see as partners', he says. He explains that small businesses are the natural partners of other small businesses:

'Because we can truthfully say we've had some of the same problems as them, we're on the ground where they are, and we can communicate with them better'.

This is no small thing, he says, since small and medium-sized businesses make up the engine of America's economy. 'We can offer real support and real leadership for our partners and in our community. We don't just have a commercial relationship with someone and move on, we try to encourage them to stick around, speak with our other partners, that kind of thing', he says.

Finn is also convinced that the finance function has a leading role to play in rolling out sustainability across his own business and in the other businesses he works with. 'Finance folk are the oil that lubricates business', he says, 'that's a positive thing, and it's also a risk. Finance can hinder sustainability if we do what we commonly do, be conservative and see ourselves as stewards rather than agents of change'. Finn believes that the finance function



is uniquely placed to advocate sustainability – if it begins to focus on non-financial metrics that have downstream financial impacts. ‘Accountants are often so focused on the balance sheet, on the profit or loss statement, but there are many other so-called non-financial metrics that have a huge impact on finance’, he says. Finn is talking about employee turnover, employee satisfaction, and pay gaps. These metrics, he says ‘tell you just as much about the health and long-term sustainability of the business’. Employees, he says, are the biggest cost line for most businesses; looking after them is simple and the data for tracking it – in most cases – already exists. ‘You don’t have to reinvent the wheel’, Finn says.

Finn believes that there is much more to be done to help small businesses play the role they could play in sustainability. ‘There needs to be an alternative finance market for SMEs’, he says, ‘big banks judge small businesses on the same criteria as large businesses. They don’t understand them or in many cases what they’re trying to do. They don’t look at sustainability metrics as part of their lending decision-making process’. He believes that public–private partnerships at the local level could help provide access to finance for SMEs and empower their vital work in the community.

He also wants to see more use of broader metrics to assess employee satisfaction. ‘Purpose is key for the upcoming generation of workers’, he says.

‘One of the biggest difficulties small tech firms like us have is in talent acquisition and retention. If small businesses can start to measure satisfaction beyond pay, and look at things like purpose, impact, connection to community, and leadership, then we can hold on to people’.

This is important, says Finn, because if there is a broader consumer move towards local products and services, then the SMEs who provide them will need to scale up how they attract and retain employees. Being transparent about what they offer, and about their benefits and abilities, will have positive and circular effects on, for instance, local economies and mental health. ‘At the end of the day, happy employees mean happy customers’, he says.

Finn likes to see his company not as a software service, but a human capital service. ‘Like it or not’, he says, ‘sustainability is coming, and SMEs can use it to differentiate themselves and make a real, practical impact’.



To find out more about benefits of running a sustainable business and the collective impact of SMEs adopting sustainable practices check out **Sustainability: the business case** Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.



Championing social entrepreneurship and upcycling initiatives in Malaysia

Juliana Adam, Malaysia

Juliana talks about:

- a business opportunity in upcycling and Biji-biji flagship project “Beyond Bins”
- building sustainability expertise within SME
- the fact that small businesses should think about why sustainability is important to them – whether it is for continuity of business in their local area or preserving their supply chain

Juliana Adam, CEO of Malaysian social enterprise Biji-biji, is keen to describe the many ways that small businesses can have an impact on environmental and social issues. From a small seed (biji-biji means ‘seed’ in Malay), the company, a social enterprise, has grown to run multiple effective projects across Malaysia.

‘Our core business offer is focused on environmental sustainability. We champion upcycling initiatives to help people become aware of and view waste as a valuable material’.

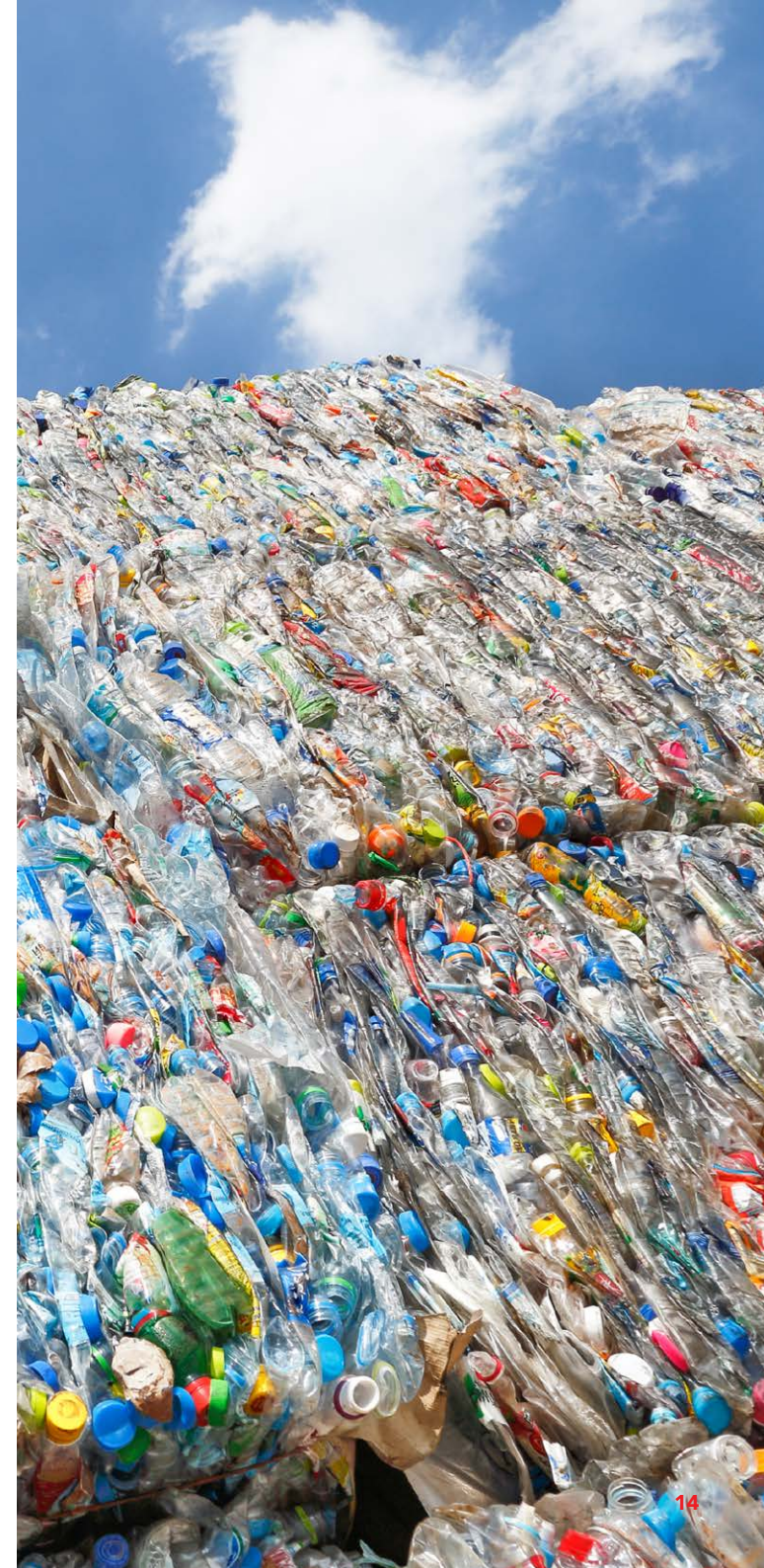
Biji-biji makes upcycling more accessible with its flagship project ‘Beyond Bins’, training workshop participants in the craft of upcycling, and eventually installing plastics recycling machines in communities so that they can use them on their own, and sell the resulting products – often helping to solve income problems in communities in need.

But Biji-biji also has other projects that help spread awareness and build capacity for environmentally positive behaviour and business in the community.

‘We also have an ethical fashion arm using industrial waste – so making handbags out of seatbelts for example. And we have ventured into education workshops and consulting’, says Adam.

Adam explains that having expertise in the organisation should not necessarily be viewed as essential for embedding sustainability into business operations. ‘I have a degree in psychology, and some of our other employees, for example, come from corporate backgrounds, or marketing and communications – one is even a physicist by trade, I think!’ Adam believes it is far more realistic to learn on the job: ‘one of our partners, for example, showed us how to turn plastic bottles into yarn’.

And on hiring, too, Adam thinks that passion should be rated alongside skill. ‘Younger people definitely want a job with more of a purpose today. But we also find that older people who are coming to the end of their professional lives are willing to take a so-called step down to come and work in a place where their experience can really be felt’. Adam explains that Biji-biji has benefited from teams of blended ages, where older ex-corporate




colleagues help younger team members, clients, and workshop participants to build stronger business cases and understand the finances behind projects better. 'Watching that team has been an experience I treasure', says Adam, 'they really think differently and help one another exchange knowledge'.

Biji-biji needs to attract more talent, since knowledge about, and capacity for, recycling and sustainable behaviour in general in Malaysia are not particularly deep. 'There's definitely a need to educate the general public about sustainability', says Adam, 'urban populations and rural populations both have a small knowledge base in this area, and can actually harm their own income stream by behaving in an unsustainable way – for example,

fishermen sometimes throw plastic into the sea and villagers bury rubbish that does not degrade'. Adam hopes that Biji-biji's educational projects can make a small dent in attitudes and behaviours, adding that the company is working with relevant partners to make sustainability education more widespread.

Adam also has some good, extra advice for small business owners. 'Many people say that they are too small to be sustainable – they feel that the day-to-day difficulties of running a business mean that sustainability should be a secondary concern, if it is a concern at all'. But Adam says that small businesses should think about why sustainability is important to them – whether it is for continuity of business in their local area or preserving their supply

chain, for example. 'And they need to be creative in their solutions too, especially if they do not have money to invest in sustainability. We saw broken tyres by the road, and we didn't see waste – we saw value. You have to think a little bit differently when you are small'. And, says Adam, even successfully sustainable businesses like Biji-biji aren't immune to imposter syndrome. 'Some days I think that we are too small to make a difference. We only have 30 people and we are only working in small areas in Malaysia. But we are making a dent – a permanent dent in waste – and if we partner together with other organisations similar to us, then we can maximise our effectiveness. Collaboration is essential if you are small'.



To find out more about how SMEs can benefit from circular economy check out *Take Action: the circular economy* Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.





Mid-sized accountancy practice in California creates sustainability centre

Jennifer Cantero, USA

Jennifer talks about:

- setting up a sustainability centre and developing sustainability as a service line
- the benefits of having B Corp certification
- the future of sustainability regulation

Sensiba San Filippo LLP is a mid-sized accountancy firm in California, USA. It's also a certified B Corporation (B Corp), with its recently established Sensiba Center for Sustainability. So, what did its journey to B Corp status look like, and what changes have the partners seen in their own business and in the market?

'We came across the possibility of B Corp certification in 2017', says managing partner, John Sensiba, 'we really saw it as a way of "walking the talk" and so we started the certification process, which ended in May 2018'. But Sensiba, and Jennifer Cantero, director of marketing and sustainability, didn't want the journey to end there. 'We knew it would have benefits, but could not have predicted how good they would be. We knew we wanted to share it with our clients,' says Jennifer. So, the firm began looking into what starting a sustainability practice might involve. 'We started with B Corp certification consulting and then looked at Sustainability Accounting Standards Board reporting (SASB). However, we wanted to create a larger impact – so we created the Sensiba Center for Sustainability: a practice that takes a more holistic approach to helping organisations move to a more purpose-driven and mission-driven way of business'.

Cantero describes their approach in more detail:

'We looked at everything that a company could do to improve their social and environmental performance throughout their organisation – things like calculating carbon footprint, supply chain management, feasibility of net zero and diversity, equity and inclusion. We launched the Center 2020 and we're building a client base for it – we're mindful that the market isn't quite ready for this at the moment, but we also know that [as] we are quickly approaching that tipping point, it's inevitable'.

Sensiba San Filippo has itself seen benefits from its B Corp certification effort. 'It's been a real game-changer in terms of recruitment', says Cantero. 'At university careers fairs students would flock to the Big Four booths, but now they see our booth, with the B Corp logo, and they come to see us first. We're pulling as much interest from talent as the Big Four, which is amazing'. The firm has also enjoyed its enhanced ability to partner with other B Corp organisations such as law firms and banks.



When a client is sceptical about the benefits of sustainability reporting, says Cantero, they tend to approach the conversation from a 'bottom line' angle. 'We talk about cost savings – retention of employees, for example. Resource use, waste collection, production efficiency and so on. When you start asking questions about sustainability and benchmarking non-financial data, you end up learning more about the overall health of an organisation than just looking at the financial data. You're asking questions they probably haven't asked themselves since their early years of operation'.

Cantero predicts that regulation for smaller companies is incoming. 'Maybe next year, three years, five years – the big companies are already filing environmental, social, and governance (ESG) reports and consumers are demanding this type of information. Small and medium-sized companies are going to feel the pressure from both sides very soon. It is not about if sustainability reporting will be needed, but when'. Cantero mentions, 'Accounting firms are poised to be a trusted adviser in this area and help clients navigate sustainability and ESG reporting'.

Cantero has some great advice for firms looking to tread the sustainability route:

'Start with walking your own firm through an ESG framework, either B Corp, SASB, or another. This way you will intimately understand the complexities and nuances of these frameworks. It will also add credibility to your practice if your firm has filed these reports as well'.

To find out more about sustainability reporting standards and B Corp methodology check out *Ensuring Integrity* Section of the ACCA and CA ANZ practical playbook *How SMEs can create a more sustainable world*.



**'ACCOUNTING FIRMS
ARE POISED TO BE A
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NAVIGATE SUSTAINABILITY
AND ESG REPORTING'**



Sustainable start-ups: using technology to make crowdfunding greener on both sides of the deal

Andrew Chong, Malaysia, Spain, the Netherlands

Andrew talks about:

- the crowdfunding platform that helps start-ups and SMEs with defining early-stage sustainability indicators
- the future of ESG and access to finance for SMEs
- the need for start-ups and SMEs to be ready for sustainability reporting now to future proof their businesses

Andrew Chong's start-up, uPledge, is at the cutting edge of sustainability tech. The crowdfunding platform business, selected as one of the top 10 start-ups by an Amsterdam-based accelerator, works on both sides of crowdfunding efforts. For the businesses seeking funding, uPledge helps with defining early-stage sustainability indicators, and using artificial intelligence and natural language processing technology assists them with aligning to relevant sustainability frameworks and supports them in releasing a first partial (at least) sustainability report. On the investor side, uPledge helps those looking to fund new small businesses by educating them on sustainability and connecting them with start-ups that have been assessed by its investment experts.

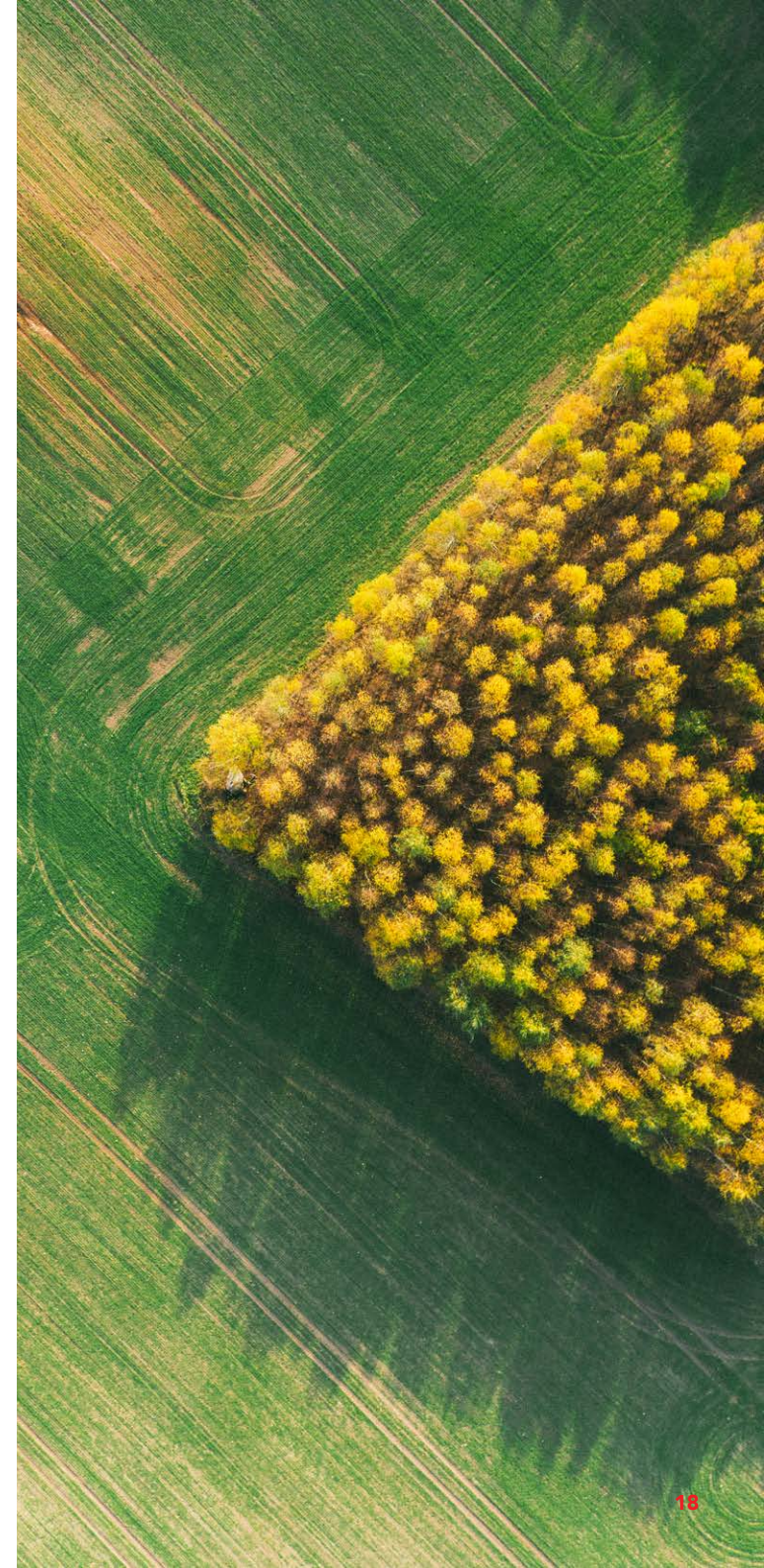
Andrew, working with the EY Wavespace™, EY EMEIA AI (Artificial Intelligence) Centre of Excellence, had the idea for the start-up when he spied a gap in the market. 'Many of the sustainability guidelines out there at the moment apply to large companies, but in the near future, they're going to apply to small companies too – and eventually trickle down to the start-up space', he says. Andrew believes that as banks begin to shy away from financing businesses that cannot evidence their ESG

awareness and capability, crowdfunding will initially step in to fill the gap – but will eventually be influenced by the same trends. Andrew says:

'If you want access to funding to grow and scale, then it is imperative to be able to show that you at least have a preliminary sustainability roadmap and the willingness to report'.

But he agrees that small businesses are not ready for the sustainability guidelines coming their way. 'It's a strange cycle', he says, 'you have all these businesses jumping on the sustainability trend bandwagon and slapping a sticker on their businesses without actually having done the research. And then there's no due diligence on those claims, so you have investors just throwing money at greenwashed businesses and calling it impact investing'.

Andrew sees this trend as damaging and hopes uPledge can provide a boost in both investor knowledge about which businesses are actually green, and why, and small companies' ability to understand and report on their sustainability credentials. 'Regulators love it; we have had



early conversations and focus groups', says Andrew of the technology uPledge is using to assess companies. 'They will be able to extract categorised data by SDG goals, and see who's complying with the guidelines'.


Andrew thinks that start-ups should begin thinking about sustainability straight away. 'It's actually the best time, while your business is small, to understand this and begin reporting on it'. It makes sense – when businesses get larger, that's when it's hard to unravel your value chain and calculate your impact. But Andrew points out that many start-ups have only a chief executive officer (CEO) and a chief technology officer (CTO). 'Companies who are serious about attracting money from green investment

crowd funds should have a CFO who also takes upon a CSO [chief sustainability officer] role', he says. Andrew believes the roles are truly complementary and thinks that it is particularly important that start-ups focus on the 'G' element of ESG early on.

Even though Andrew's start-up solves two key problems in sustainable crowdfunding – reporting and financial wellness, or knowledge – he still believes that policymakers hold the majority of the cards. 'When I go to new markets to talk about expanding there, the first people I speak with are always policymakers and regulators', he says.

'We think that consumers can drive the market – but how can they? They don't have the knowledge. Small businesses will pretty much always do the minimum when it comes to sustainability because they are smart businesspeople. We need the policymakers to step in'.

'Yes, the environmental pressures to take sustainability seriously are going to hit small start-ups last. But they are coming fast. So it's time for time-stretched founders to partner up and use these existing tech solutions available to get a handle on their ESG impact – it will ultimately deliver a competitive advantage and get them the early funding they need'.



To find out more about reporting standards and solutions for ESG reporting check out *Ensuring Integrity* Section of the ACCA and CA ANZ practical playbook *How SMEs can create a more sustainable world*.



Non-violent communication and ESG in Brazil

Carolina Nalon, Brazil

Carolina talks about:

- the importance of understanding and embedding sustainability values and goals for companies providing ESG-related services
- the role of transparency for small business owners to attract talent
- how a small business can bring a big difference to the community and underrepresented groups

Carolina Nalon, founder of Instituto Tiê in Brazil, started out as a biologist, working in forest recovery, but after learning about non-violent communication approach and taking several courses, she decided to strike out on her own, setting up her business providing non-violent and empathetic communication training⁴. The business runs its own courses to which people apply, and also goes into other businesses to help train their staff in communicating.

Nalon believes that the companies selling ESG-related services, in particular, should make sure their own house is in order. 'We don't have much of an environmental impact – mainly paper handouts', she says. But when the Institute began to look at its sustainability in the round, it discovered that it was lacking its own sustainability values and goals.

'The work to understand our own sustainability values was hard', says Nalon, 'we spoke to the whole team and it was amazing to think about this together'. Nalon's colleagues talked about what they did, what they offered, whether they were happy in their work, what impact their actions had, and how they could help the planet. She says:

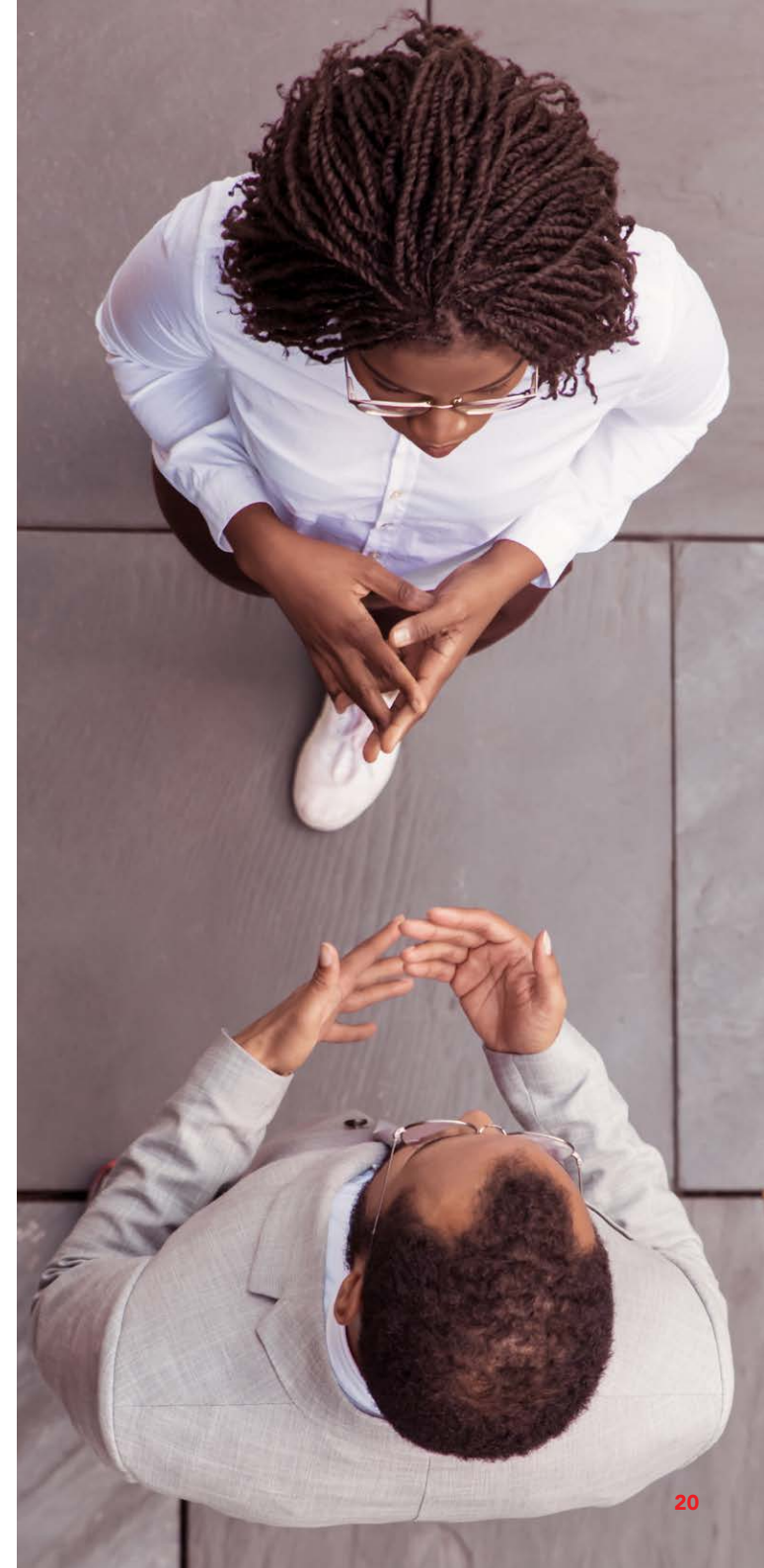
'Even for a business where the day job is non-violent communication, this wasn't easy'.

But Nalon believes it is necessary. 'We have found that our transparency has attracted talent that wants to work for us, and new clients too'. Nalon is an advocate of 'walking the talk'. 'At the end of these conversations, there is a lightness', she says:

'We should be talking about these things. But it demands courage, not only to talk, but to listen to people and what they want'.

Instituto Tiê's work aids companies in building sustainable governance – and they have won plenty of large contracts to do so. But, says Nalon, one of the values that she and her staff discovered when they scrutinised their own sustainability credentials, was that this kind of training should not only be available to large, rich businesses.

⁴ Non-violent communication is an approach to communication based on principles of nonviolence. It is not a technique to end disagreements, but rather a method designed to increase empathy and improve the quality of life of those who utilise the method and the people around them.



'We didn't want to just be a company where you had to pay a high price for access to this'.

So they opened up their courses to more and more diverse communities. Nalon says:

'We have scholarships that people can apply for, and within those scholarships we try to give places to underrepresented groups'.

She herself is a firm believer in addressing your own privilege. 'If I am asked to speak at a conference, I will make sure that there are black people also speaking, and in attendance – you have to be active in creating the world you want to see'. The Institute now provides courses to groups, companies, and schools that want to learn about non-violent and empathetic communication but do not have the resources to pay for a course. 'It's our goal that 50% of people taking our courses do so for free, and are sponsored', she says.

Nalon says that they have a real community of underrepresented influencers and that this is bringing in more people from similar backgrounds. This is particularly important in Brazil, where racial issues are often hidden and therefore more insidious. 'The UN has come to Brazil to study our "racial democracy", she says, 'but they found that we didn't really have one. We need to demystify this if we are going to be a successful society'.

Nalon's advice for SMEs is to understand that the work to become sustainable – particularly in the governance sphere – is going to be difficult and will happen only if companies are willing to have tough conversations. 'Don't be afraid of talking about difficult things, like money, and be aware that you will only be able to rely on your own sustainable credentials to sell a business if you have lived the experience – a methodology is not enough'.

To find out more about human rights agenda and its importance in your supply chains check out *Human rights and inequality* Section of the ACCA and CA ANZ practical playbook *How SMEs can create a more sustainable world*.





‘Impact accountancy’ for SMEs

Mark de Lat, the Netherlands

Mark talks about:

- the journey of his practice from awareness raising in sustainability, to sustainable business models transformation and reporting on sustainability
- tools for formulating sustainable business models
- the need for accountants to step up and lead sustainable transformation of small businesses

Mark de Lat is a partner of a medium-sized accountancy and advisory practice, Eshuis Accountants en Adviseurs, in the Netherlands, where he runs the firm’s dedicated sustainability service line. The firm has been dubbed ‘Impact Accountancy’ and the team aims to work with small and medium-sized businesses to help them integrate, report, and assure the measures they take to become sustainable companies.

De Lat’s philosophy is that if companies don’t focus on sustainability, their business models will come to a natural end. ‘I want better business models for a better world’, he says. He hopes that his business will grow and expects that this will be helped by pressure from large companies on the smaller companies in their supply chains to ensure and attest to their sustainability.

De Lat’s business has, perhaps, an unusual advantage in advising SMEs on their sustainability, since his own business is in the process of becoming a B Corp. ‘This means we are going through the same process’, he says. He outlines the approach his team of accountants, business analysts and advisers uses, and it becomes clear that he is talking about an accessible sustainability template for SMEs, who are often confused about where and how to start. ‘First, we talk to owners about their vision – is the

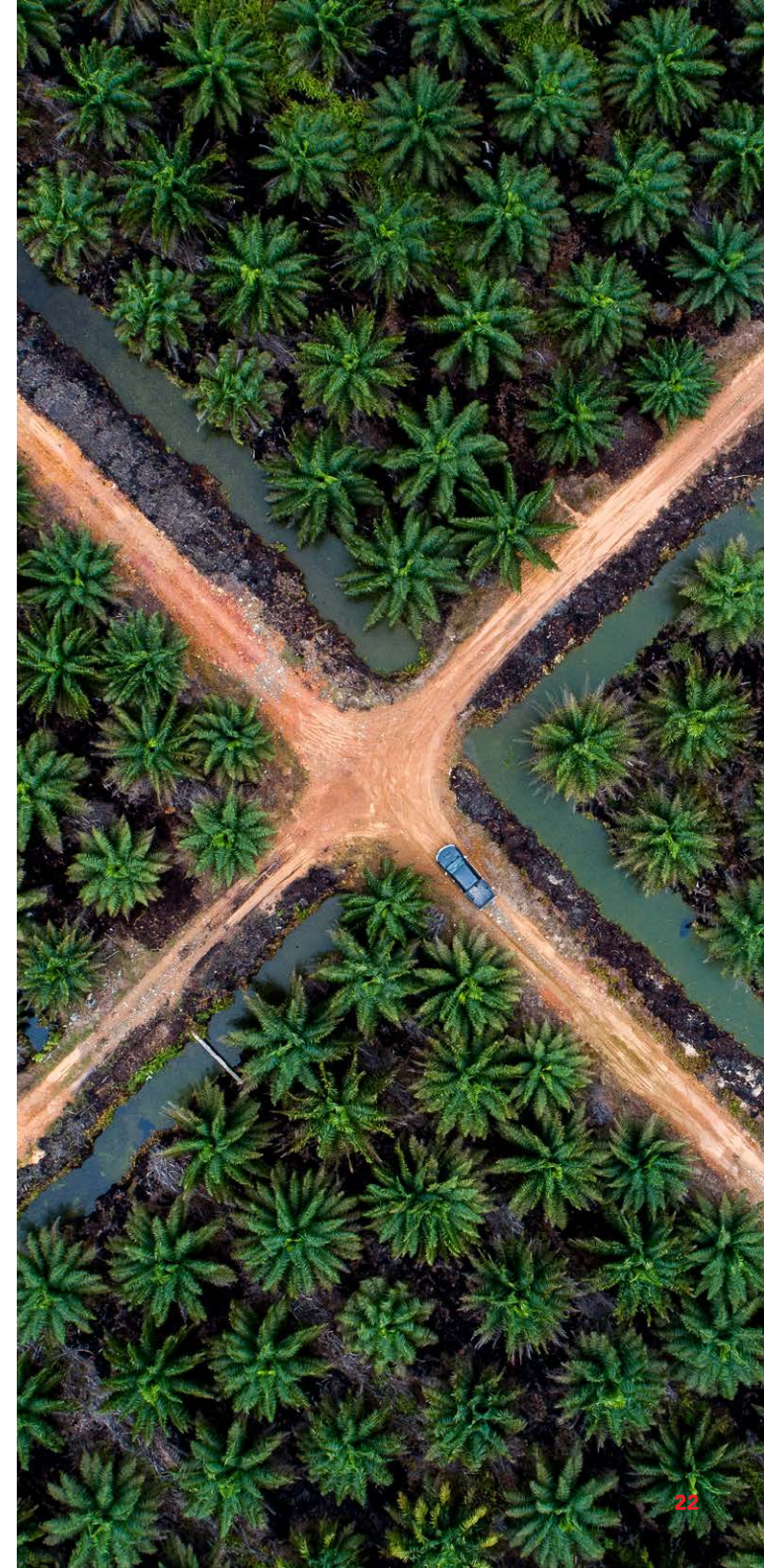
company one who is looking at sustainability because of regulations, or are they looking at it because they want to, and because they see the opportunity?’ he says.

‘From that point we assist the client in formulating a roadmap for a sustainable business model. In this roadmap the use of available data is a very relevant step’.

Then, de Lat says, they work with the company to disclose and assure the data with the help of their team consultants, impact accountants and advisers.

‘We don’t use fancy tech tools to do this – we have the tools to hand already, and they are the tools accountants and advisers use already’. The Cloud, says de Lat, is all well and good, but if a company is not able to report ‘on paper’ the Cloud won’t help them get there. ‘A fool with a tool is still a fool!’ he says, laughing.

The company has found that some of its traditional clients are also becoming interested in sustainability. ‘Step-by-step, they are seeing that it can be done’, says de Lat. ‘We commissioned some research from a university on what makes owners want to take the first step, and what



we found confirmed what we already knew: that most owners only want to do something if they feel they have to and, more important, when they want to'. Thankfully, he says, the headlines, and dinner-table conversations with their children are making some owners 'pull their heads out of the sand'.

But, says de Lat, it's not only the businesses that need to change, but the accountants too. 'In the 1990s, the role of

the accountant was as a partner to the finance part of the business. In the late 20th century we saw them change their sphere of operations as M&A [mergers and acquisitions] became a huge trend. Now they have to change again'. De Lat says that it is essential for sustainability to move out of the communications function in business, and into the finance function or, in his words, 'the value function'. And accountants 'need to learn to partner with many more and different types of experts', he says.

Ultimately, says de Lat, 'accountants have a huge role to play in being an adviser on sustainability – there is a great opportunity for them to do something really important here'. He wants to see accountants working as impact accountants across the business and throughout the supply chain to make sustainability operable and assurable, no matter what the size of the business. 'Simply pledging to change is not enough', he says.



To find out how you can support your organisation's sustainable transformation, check out **Business transformation** Section of the ACCA and CA ANZ practical playbook **How SMEs can create a more sustainable world**.





A practice in New Zealand advising purpose-driven Maori and Pasifika clients⁵

WE Accounting, New Zealand

Eli and Wyndi talk about:

- the importance of the focus on company culture and how it helped their practice grow clients base
- helping clients realise that they are purpose driven organizations
- how sustainability is embedded in Maori and Pasifika culture

'SOME OF OUR BUSINESS OWNERS DON'T EVEN REALISE THAT THEY'RE PURPOSE-DRIVEN UNTIL WE TALK TO THEM, FIND OUT MORE AND THEN HIGHLIGHT THAT FOR THEM'. WYNDI TAGI

WE Accounting began from scratch a decade ago, taking on a range of business clients. Founders Wyndi and Eli Tagi's own cultural heritage – Wyndi is Māori (from the Ati-Hau-Nui-A-Paparangi iwi (tribe or clan)) and Eli is Samoan – attracted a growing number of clients from the Māori and Pasifika communities in Aotearoa (New Zealand).

'Five years ago, we realised that what differentiated us as a firm was our culture', says Eli Tagi CA.

'Since we outright made that our point of difference, we've seen a lot of new clients come on board who fit our target market. Our client base has gone from about 40% indigenous to about 70% now'.

With an office of eight employees in Auckland, and one in the capital Wellington, WE has expanded its client base across the country as well as to Samoa, where it's established an outsourcing office with seven staff. That's allowed the firm to flip its business model. Business advisory work now accounts for about 70% of revenue.



⁵ First published as part of *How SMEs can create a more sustainable world: a playbook for accountants in practice and finance teams in small and medium-sized organisations*.

'There's far more to business than just the numbers', says Wyndi Tagi.

'We've really focused on company culture. So we're able to work properly with business owners to help them understand who they are as individuals, what they bring to the business and how their business really is them'.

The firm's founders say that understanding their clients' cultural context has enabled them to reassure them about integrating culture, religion and other values into their business.

'Some of our business owners don't even realise that they're purpose-driven until we talk to them, find out more and then highlight that for them', says Wyndi Tagi.

'I've had a lot of clients cry in my business planning sessions because they hadn't put two and two together before. When they feel validated, they feel like they have an understanding of why they exist and why they're being so drawn to what they do – it's a very beautiful thing'.

She says sustainability is embedded in Māori and Pasifika culture.

'If you are purpose-driven, and you've got that vision that's bigger than you are, and you know that what you're doing is right for your ancestors, for your land and for the generations to come, then you work harder. You do everything that you possibly can to make sure that you are successful because you just know that it's the right thing to do – it's in your heart, it's your life'.

To find out more about the role of accountants in SME and SMPs supporting organisations in championing diversity and inclusion agenda, check out *Take Action: Diversity and Inclusion* Section of the ACCA and CA ANZ practical playbook [How SMEs can create a more sustainable world](#).



Conclusion

Small businesses were heavily disrupted by the pandemic and many of them are in the process of reinventing themselves.

Embedding sustainability in their business operations is essential for future proofing businesses, responding to the growing imperatives of global supply chains, the growing amount of regulation related to product and service sustainability, the needs of clients and demand for talent.

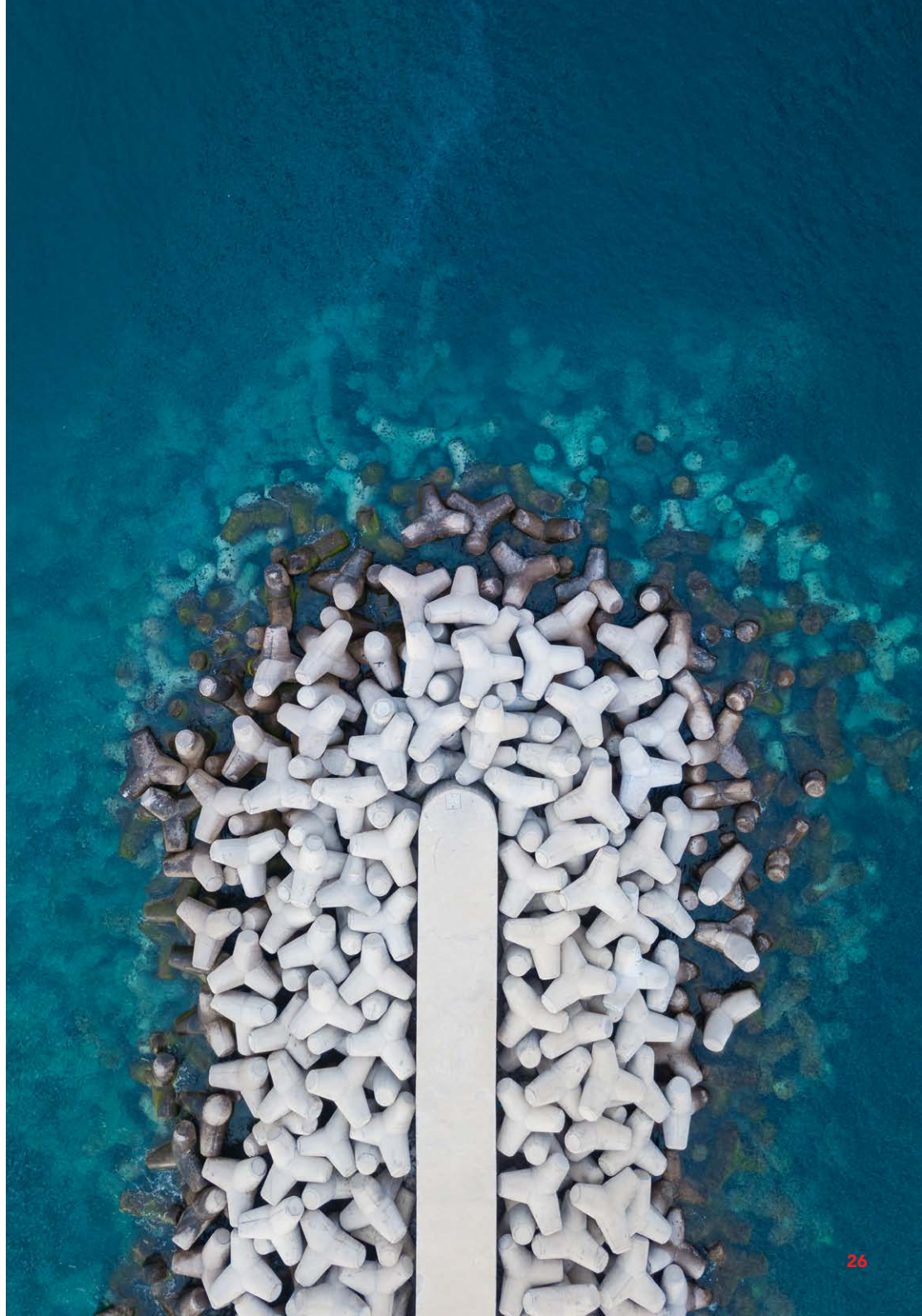
But this unprecedented challenge is an opportunity for finance professionals in SMEs to take the leading role. As referred before:

‘Finance professionals are the oil that lubricates business and can take in driving sustainability in the small business sector.’

Accountants’ deep knowledge of business practices, as well as their role as trusted advisers, creates the opportunity and a responsibility for accountants to engage with sustainability in the small business sector, from raising awareness to supporting sustainable transformation of business models and reporting on non-financial information. Accountants can take the lead, gain influence with business owners and deliver real impact. It presents an opportunity to make real, effective change at the heart of SMEs.

We hope the stories shared in this journal will inspire accountants in SMEs and SMPs to take action and lead the sustainability agenda in the small business sector. Every small step counts.

We invite our readers to visit [ACCA professional insight SME sustainability](#) page that contains practical material to support their sustainability journey.



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