

CPA Australia ESG Strategy



Foreword

I am delighted to present CPA Australia's environmental, social and governance (ESG) strategy to you; our members and employees, the broader accounting profession, and other readers.

ESG issues shape how business is conducted, regulated, measured and reported. We believe sound management of ESG issues is critical to how businesses create sustainable value.

Navigating the rapidly changing world of ESG can be difficult for businesses. Demand for ESG knowledge, skills and solutions is strong, but too often goes unsatisfied.

The accounting profession occupies a privileged position in the global economy. As trusted advisers, we are privy to deep insights about ESG risks and opportunities. This knowledge gives rise to a responsibility to use our skills to promote awareness and management of ESG issues.

CPA Australia acknowledges and welcomes this responsibility. As one of the largest professional accounting bodies in the world we have a significant ability to influence change. We can use our position to support present and future generations of accounting professionals; so that they can apply their ESG skills to the benefit of their organisations, clients and communities.

As an organisation, we have long considered ESG issues in all aspects of our operations, and especially when developing tools and resources for our members. This strategy brings together the activities we are currently undertaking and intend to take in future to support our ESG vision.

CPA Australia's overall vision is: 'Lead the future of the global accounting profession and develop business professionals with tomorrow's capabilities'.

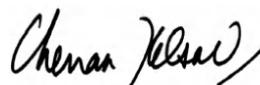
Our ESG vision supports our overall vision and is: 'To incorporate ESG considerations into all our activities in order to meet the present and future needs of our members, employees and other stakeholders to support long-term environmental, social, and governance performance'.

We do this by:

- providing education, guidance and resources that help members future-proof their skills and integrate and implement environmental, social and governance initiatives
- working with partners and suppliers who share our core values and objectives
- becoming an organisation that is resilient to climate change, in-line with our commitment to Net Zero
- educating our employees to improve ESG outcomes in their work and life
- implementing regular ESG monitoring, reporting and assurance to enable continual improvement.

We will deliver our ESG strategy through embedding oversight into our governance and management processes and reporting. Where relevant, specific actions and initiatives will also be embedded in our people's performance and development plans.

We will continue to publish our ESG performance on our website, as well as our annual Integrated Report. I look forward to sharing our ESG achievements with you.



Merran Kelsall
President and Chairman of the Board



As of August 2022, the IFRS Foundation assumed oversight of the Integrated Reporting Framework. The IFRS Foundation's International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) are responsible for the Integrated Reporting Framework and will work together to agree on how to build on and integrate the Framework into their standard setting projects and requirements. The IFRS Foundation and Chairs of the IASB and ISSB actively encourage the continued adoption of the Integrated Reporting Framework by preparers. CPA Australia is a member of the IFRS Sustainability Alliance and supports the work of the IFRS Foundation.

Introduction

CPA Australia recognises that ESG considerations are becoming increasingly important to the organisation, members, the broader accounting profession and community.

Through our policy and advocacy work, we champion market-based policies and initiatives, well-considered regulation, and useful disclosures to support the global response to ESG issues.

We provide global thought leadership on conceptual frameworks for sustainability reporting, particularly where there are interactions with financial reporting standards.

For our members, we provide training, support and education to equip them with the skills to address ESG risk and opportunities in their businesses, or their clients' businesses.

We are a member of the Accounting for Sustainability Project (A4S). In 2021, we joined with thirteen other A4S members, representing over 2.5 million accountants and accounting students globally, to sign a "call to action" in response to climate change. Additionally, we have committed to publishing a Net Zero Emissions Pathway, setting out our emissions reduction targets. We will report annually on our greenhouse gas emissions and their trajectory towards net zero emissions.

Our profession also recognises social issues, such as modern slavery, as risks to businesses' financial sustainability. We support the identification and mitigation of modern slavery risks linked to procurement spend, and assure businesses' modern slavery responses.

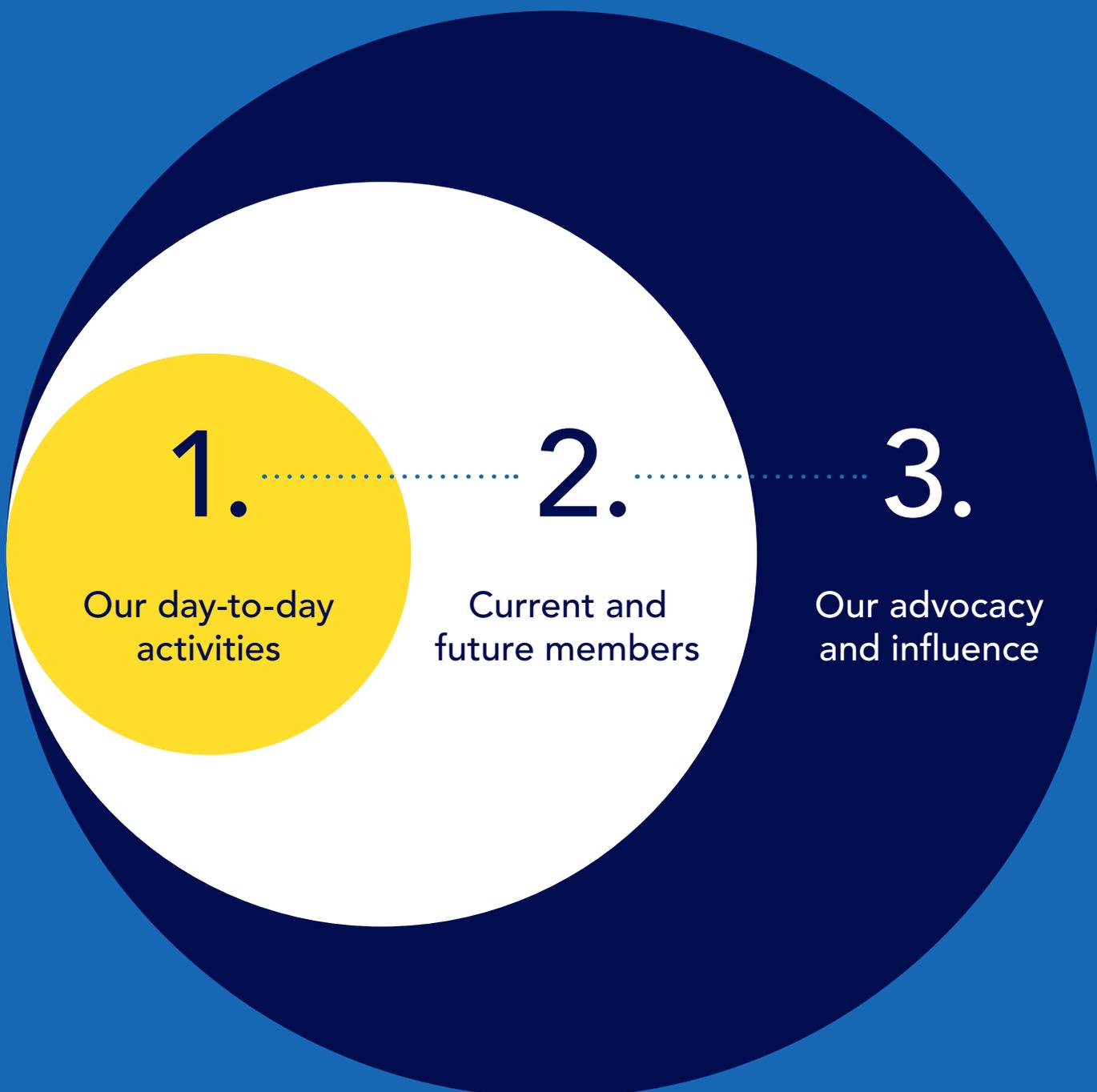
We're committed to creating a diverse and inclusive environment for employees, members and their communities through our wellbeing, inclusion and diversity framework, support for the not-for-profit sector and our Reconciliation Action Plan (RAP).



ESG framework

CPA Australia has adopted a 'spheres of influence' approach to framing our ESG Strategy. To varying degrees, CPA Australia exerts influence across three intersecting stakeholder groups.

1. **Internal stakeholders** within CPA Australia who control operational or day-to-day activities.
2. **CPA Australia members** with diverse requirements and needs which vary with the size and nature of their organisations.
3. **CPA Australia's local and global advocacy and influence** within the wider accounting profession and community, as well as engagement with academic institutions, standard setters, regulators and government agencies.



Objectives

Our day-to-day activities

In our day-to-day activities we act responsibly and support our people to do the same by:

- seeking to minimise the negative environmental impacts of our operations and value chain, while also actively managing our environmental risks and opportunities
- creating a workplace where our people are engaged and motivated, where wellbeing, inclusion and diversity are valued, and where our representation reflects our diverse organisation
- maintaining leading practice in accountability and governance
- supporting our people with appropriate codes of conduct and policies
- engaging our suppliers and partners to integrate ESG factors into their day-to-day practices.

Our Board embodies our values, championing ESG activities by providing strong oversight of management. We demonstrate our commitments and leadership through transparent alignment with recognised standards and robust measurement and reporting of progress.

Current and future members

In serving members, we help to increase access into the profession, and to address future challenges in the communities they serve through:

- developing a diverse network of accounting professionals from around the world that respects and celebrates individual differences and focusses on increasing access to roles and qualification recognition across the profession
- future-proofing members' skills and literacy in relation to their provision of accounting, risk management and other advisory services relating to environmental, social and governance factors
- providing guidance and resources that help members internally integrate and implement environmental, social and governance initiatives.

We support our members through evolving and tailoring education programs that meet today's and tomorrow's needs, and maintaining professional programs and initiatives to support networking, capacity-building and information sharing.

Our advocacy and influence

In our advocacy and influence role, we build recognition of our brand and deliver value for our profession by:

- engaging with the diverse interests of our membership to develop our global policy positions in relation to environmental, social and governance factors
- collaborating with a broad range of stakeholder, advisory and liaison groups to impact ESG policy direction globally and in each region
- advocating and actively representing industry interests and needs of the accounting profession during ESG-related policy formulation and standard setting processes.

We support the global response to ESG issues by creating and publishing consultation papers and submissions, independent reviews, policy bulletins, media releases and analysis and commentary on ESG issues.

Key action areas

CPA Australia’s actions and initiatives under each sphere have been categorised across ESG themes.

Our day-to-day activities

ESG pillar	Action area
All	Apply leading corporate reporting frameworks
	Review and integrate ESG factors into our risk and control framework
	Educate our employees on ESG and its importance in their work and home
Environmental	Identify, manage and disclose climate-related risks and opportunities in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD) guidelines
	Employ circular economy practices within CPA Australia
	Implement and uphold CPA Australia’s Climate Change Policy
	Measure, monitor and report our greenhouse gas emissions
Social	Publish our Net Zero Emissions Pathway and progress on interim targets
	Continue our journey to reconciliation with First Nations peoples and achieve our RAP commitments
	Attract and retain top talent while transitioning staff to a permanent hybrid workplace model
Governance	Further develop our wellbeing, inclusion and diversity framework
	Assess and take action to address our modern slavery risks
	Embed ESG decision making within our governance framework
	Practise responsible procurement and manage supply chain risks
	Uphold our employee Code of Conduct
	Ensure reward, recognition and remuneration processes are fair and transparent

Current and future members

ESG pillar	Action area
All	Assist members to recognise their material ESG risks and opportunities
	Upskill members to develop broader corporate reporting
	Consult with members and other stakeholders on the future of the profession
	Develop a future-ready CPD program that incorporates ESG
Environmental	Continue to publish reports, papers and resources for members and other accounting professionals on ESG issues
	Develop guidance for members on how to reduce their operational emissions
	Develop guidance for members on how to reduce emissions in their supply chains (low-carbon procurement)
	Provide training and resources for members on accounting for, and reducing greenhouse gas emissions
Social	Equip members with the knowledge, skills and methodologies to support clients in managing climate-related risks and opportunities
	Develop talent and future proof our members' careers
	Engage with First Nations' members to advance reconciliation and representation in the profession
	Support members on their inclusion and diversity journey
	Raise awareness of, and support members in all sectors and industries (including NFP) to recognise their material ESG risks and opportunities
	Support members to manage modern slavery risks
Governance	Support the mental and physical wellbeing of our members
	Protect member data privacy and ensure appropriate cybersecurity controls
	Develop cybersecurity eLearning modules and resources to support members

Our advocacy and influence

ESG pillar	Action area
All	Advocate for the interests of the accounting profession, members and the public
	Position our organisation and members as thought leaders on ESG issues
	Champion new accounting and reporting frameworks
	Continue to make submissions and develop and publish policy statements on ESG topics and measure their influence and impact on key legislation and policy decisions
	Convene members of the accounting profession to debate the role of the profession in managing ESG issues
Environmental	Enhance natural capital through thought leadership, policy and advocacy work
	Continue to make submissions and develop policy statements to improve environmental outcomes
Social	Enhance our policy and advocacy work towards improving societal outcomes including modern slavery, support for the NFP sector and diversity and inclusion
Governance	Collaborate to support the accounting profession in unlocking the full value of ESG initiatives
	Continue to engage with our Centres of Excellence to deliver our work plans and provide thought leadership and policy guidance on ESG issues
	Develop third party alliances to implement initiatives more quickly

UN SDG alignment

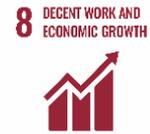
CPA Australia’s Board continually reviews the organisation’s operations against its commitments to the United Nation’s (UN) Sustainable Development Goals (SDGs). The table below shows how CPA Australia’s ESG Strategy contributes to the SDGs.



Initiatives to upskill members on corporate reporting, accounting and assurance processes, a refresh of the CPD program to integrate ESG thematics, development of eLearning modules and resources to support members to develop their skills and strategy.



Builds on CPA Australia’s diversity, inclusion and equity work to address unconscious bias and foster transparency, review of the Remuneration and Incentive Framework to address gender pay equity and systemic bias.



Support a flexible work framework, network-driven mentorship program and mutual recognition agreements for international accounting careers. CPA Australia’s ESG Strategy seeks to expand employment opportunities for members and future members by realising ESG opportunities.



Implement the recommendations of the TCFD framework, scenario analysis, disclosure of Scope 1, 2 and 3 emissions, setting interim emissions reduction targets, developing waste management plans, integrating climate change into internal risk frameworks and controls, among other initiatives.



Promote high ethical standards through scrutiny of internal governance frameworks, a strong commitment to transparency through disclosure (with a similarly high standard expected from members), and institution building within the accounting profession, particularly among the member community.



Advancing the global response to ESG issues by building partnerships within our internal network as well as with other professional accounting bodies, recognising that strategic partnerships are crucial to implementing change at the speed and scale required to deliver meaningful impact.



CPA Australia would like to acknowledge the assistance of Point Advisory in the development of this ESG Strategy.

