

# ACCOUNTING FOR PURPOSE

A Discussion Paper on Social Purpose  
Accounting, Reporting and Assurance

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## ABOUT THE AUTHOR

Susan Todd is President of Solstice Sustainability Works Inc.<sup>1</sup>, a British Columbia based consultancy helping organizations to embed the leading practices that bring their sustainability purpose to life. Susan is a Chartered Professional Accountant with a graduate degree in environmental management. Her career in environmental, social and governance (ESG) services spans decades and includes her role as the first “social auditor” of a financial institution in Canada. She founded and led Canada’s first professional training program for sustainability assurance providers, The Accountability Project. She is also a teacher, with past or present roles at BCIT, Royal Roads University, Simon Fraser University, and the University of British Columbia. She has been an active volunteer in her profession, including as lead judge for sustainability in CPA Canada’s Corporate Reporting Awards. She currently serves on the Board of Douglas College and on the Implementation Committee of the Canadian Sustainability Standards Board.

## Introduction

There is growing recognition of the value to organizations of having a clearly defined purpose that serves as their North Star in a world of risks and opportunities<sup>2</sup>. Some organizations are recognizing that their own purpose can serve a greater purpose when they direct all their resources and competencies towards a relevant societal need. We call this a “social purpose”.

**A Social Purpose Business is a business whose reason for being is to create a better world. It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society.**

The Canadian Purpose Economy Project imagines a Canada in which businesses have a social purpose, making business itself a force for good<sup>3</sup>. Realizing this vision requires the mobilization of the whole ecosystem that supports business and a high level of accountability for social purpose organizations. With their public interest mandate, unique skills, and role as trusted advisors, accountants are well qualified and well positioned to lead.

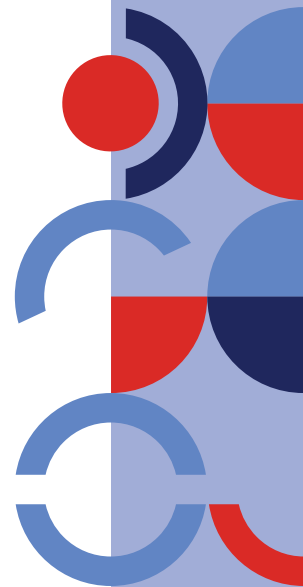
This briefing note has been prepared to launch discussion among accountants in any role, such as finance team leaders, consultants, assurance providers, educators, regulators, or professional bodies. It explores the potential for accountants to generate accountability for social purpose through social purpose accounting, reporting and assurance (ARA). Accountants also have a role as internal or independent advisors on social purpose implementation, but the focus of this brief is the ARA role.

It was prepared by a chartered professional accountant who was a Canadian pioneer in sustainability reporting. It represents a synthesis of the author’s experience, a scan of current research and writing on the topic, and interviews with seven people who work in or interact with the accounting profession in various ways. Four of the interviewees work for organizations that have a stated purpose with societal benefits that could be considered a social purpose. To reflect the diversity of interviewee organizations and the exploratory nature of this paper, questions were varied, and responses did not lend themselves to quantitative analysis.

1 [www.solsticeworks.ca](http://www.solsticeworks.ca)

2 See for example, Social Purpose Business Case [https://purposeeconomy.ca/wp-content/uploads/2023/03/Social\\_Purpose\\_Business\\_Case.pdf](https://purposeeconomy.ca/wp-content/uploads/2023/03/Social_Purpose_Business_Case.pdf), and The Value of Social Purpose: How to Receive Value for your Values [https://www.bakertilly.ca/uploads/docs/newsletter/national/insights/Social\\_Purpose\\_Whitepaper\\_FINAL.pdf](https://www.bakertilly.ca/uploads/docs/newsletter/national/insights/Social_Purpose_Whitepaper_FINAL.pdf)

3 <https://purposeeconomy.ca/about-us/>



# What is the current state of accountability for social purpose?

## Why does accountability matter?

Humanity faces big challenges that demand ambitious responses such as those articulated in the Global Goals<sup>4</sup>. Investors with a longer time horizon want companies to have a place in the future economy and they are asking companies how they will contribute to society in decades to come<sup>5</sup>. At the same time, many individuals are hungry for a greater purpose and want to bring their values to their work<sup>6</sup>. Business has taken note. Organizations are harnessing the energy and creativity of their people to define or redefine why they exist, in the best instances, through deep and authentic exploration. The resulting purpose statements go beyond inspiration. They direct strategy, guide decision-making, and mobilize resources and stakeholders, all in pursuit of an enduring social purpose.

**Social purpose and ESG are not the same. Purpose is an organization's reason for being. ESG is a collection of factors that contribute to the organization's risk profile and an organizing framework for managing positive or negative impacts. While the social purpose may align with one or more aspects of ESG, there is a big difference in how central they are to the organization.**

In our low trust world, it's not surprising that big, aspirational statements can be met with a raised eyebrow. To truly motivate, they must be believed, and that demands accountability. A majority of the interviewees for this brief acknowledged concerns about the potential for greenwashing or "purpose-washing" with vague, complex or aspirational social purpose statements. For a social purpose to reach its potential, the business must address any say-do gaps.

Accountants are trained to exercise professional skepticism. We know how to evaluate evidence and all interviewees were able to point to examples of evidence that a social purpose is authentic, which are explored later in this brief. Accountants will be key to social purpose accountability.

## How are accountants currently involved in social purpose?

For the accounting profession as a whole, these are early days for social purpose in Canada. Few organizations are reporting on progress towards their social purpose and fewer still involve their accountants. Interviewees suggested that accountants may question their mandate for this or see their role too narrowly. No interviewee could point to an example of independent external assurance on social purpose. There were also no examples of academic research on social purpose ARA in Canada. The largest professional body for accountants in Canada, CPA Canada, does not have a statement of purpose.

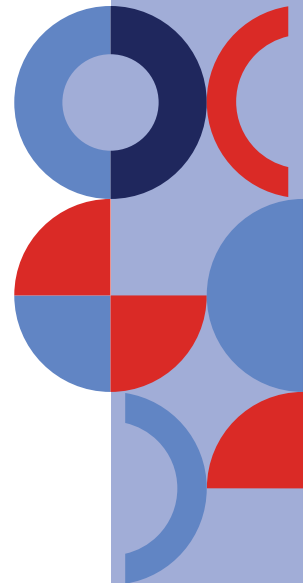
However, large accounting firms are talking about purpose and seeing its potential for employee attraction and retention. All of the global Big Four have published a statement of purpose. While they don't refer to these as social purpose statements, they clearly see themselves as a force for good - building trust, making a difference/impact, contributing to a better world in the future. In Canada the Big Four are offering advice on identifying, embedding or activating purpose (consulting activities), but not purpose assurance services. Interviewees see the market for assurance of social purpose as a long-term prospect, five or ten years out.

Interviewees viewed social purpose primarily as a governance matter since it deals with fundamental questions about the organization's reason for being. Accountants often serve as trusted advisors in the area of governance, including oversight of strategy and risk. Accountants within organizations are

4 <https://www.globalgoals.org/>

5 See for example, comments by BlackRock Investment Management Chair and CEO Larry Fink <https://socialpurpose.ca/larry-fink-social-purpose/> and how corporate purpose is positioned in Corporate Sustainability Reporting Direction Playbook [https://img03.en25.com/Web/FCBusinessIntelligenceLtd/%7B7b28af32-2982-4541-99cb-1d1cb2980d03%7D\\_5912\\_30MAR23\\_CSRD\\_Playbook.pdf](https://img03.en25.com/Web/FCBusinessIntelligenceLtd/%7B7b28af32-2982-4541-99cb-1d1cb2980d03%7D_5912_30MAR23_CSRD_Playbook.pdf)

6 See for example, <https://www.forbes.com/sites/afdelaziz/2020/03/07/the-power-of-purpose-the-business-case-for-purpose-all-the-data-you-were-looking-for-pt-2/?sh=57c3b89c3cf7>



commonly active in risk management and internal control that support successful implementation. It is possible that accountants in social purpose organizations are already active in social purpose integration without seeing it as such.

As a counterpoint, accountants in Canada have been very active in ESG, another non-traditional practice area – through standards development, research, measurement and reporting, assurance, training, and advisory services. While ESG cannot be equated with social purpose, there may be lessons in how accountants have developed ESG as an area of competency that could be applied to social purpose.

## What can accountants bring to social purpose?

A glance at the CPA Competency Map 2.0<sup>7</sup> suggests that accountants could have a natural fit with social purpose. The competency map has the CPA Ethical Mindset at its core. The ethical mindset includes a commitment to act in the public interest and a stakeholder orientation to creating and preserving value, features that could help a company recognize a purpose that benefits all stakeholders.

Once a company begins to frame its purpose, accountants can bring necessary rigour. Investors are attracted to a social purpose, but they need to know what it means and how the company is aligned for success – through governance, strategy, culture, systems and controls. Accountants in business are critical to translating often aspirational language into the targets, metrics and milestones that tell investors how they are progressing. An interviewee also pointed to the important role accountants can play in establishing the difference made by having a social purpose. For this to be effective, the organization needs to measure its baseline performance.

Accountants bring risk awareness. A social purpose comes with risks attached – the risk that the company may not be able to achieve its purpose, and risks or costs that come with operationalizing the purpose. A recent report by Deloitte shows that people in Risk and Internal Audit roles in social purpose companies (not necessarily accountants) are attuned to both risk to purpose and risk of purpose<sup>8</sup>.

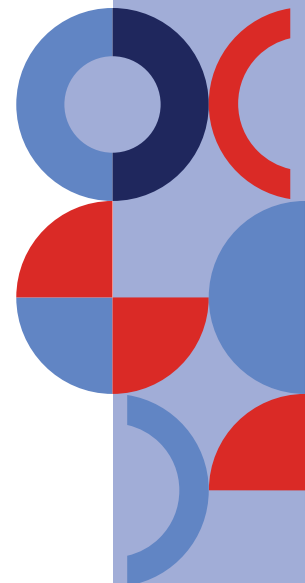
The involvement of accountants can address greenwashing concerns. Interviewees see the sometimes “mushy” language of social purpose statements as a greenwashing risk. An interviewee pointed to ESG research showing that greenwashing occurred more often when companies used complex language that obscured meaning in ESG reports. The same risk could apply to social purpose reporting. Accountants are accustomed to penetrating difficult or ambiguous language and asking the hard questions.

## What are the barriers or challenges for accountant involvement in social purpose?

As noted above, accountants are actively involved with ESG. Is social purpose simply at an earlier maturity stage or is there something fundamentally more challenging about it for accountants? Interviewees frequently mentioned the language dilemma. A social purpose by definition is about being a force for good and this lends itself to aspirational language. Interviewees found this quality made social purpose statements hard to nail down and consequently difficult to measure. However, an interviewee commented that more senior accountants may be more comfortable with ambiguity than junior ones.

7 <https://cdn-ca.aglty.io/comp-map-2/Attachments/NewItems/CPA%20Competency%20Map%202.0%20FINAL.pdf>

8 Deloitte. How Risk and Internal Audit Operate in Social Purpose Companies. [https://purposeeconomy.ca/wp-content/uploads/2023/05/FINAL\\_031623-BCLC-White-Paper-Risk-and-IA.pdf](https://purposeeconomy.ca/wp-content/uploads/2023/05/FINAL_031623-BCLC-White-Paper-Risk-and-IA.pdf)



ESG reporting in its early days was also criticized as wishy washy. While it is still not precise enough for some, ESG reporting has benefitted from decades of standards development that have made disclosures more specific, comparable, and capable of assurance.

Interviewees pointed to the lack of standards for social purpose reporting as a barrier, citing the need for suitable criteria in any assurance engagement. By their nature, social purpose statements are as varied as the organizations they belong to. This could make standardization more difficult, but as we will see, not impossible. Accountants acting as assurance providers also lack an appropriate assurance standard.

Despite calls for purpose disclosures from investors such as BlackRock, accountants don't appear to see the business case for this practice area, at least in the short term. Internal accountants may be hesitant to devote budget resources to an area of disclosure that is still emerging and voluntary. Interviewees suggested that accountants are feeling stretched and may not be able to devote attention to social purpose ARA. With more accountants retiring from the profession in Canada than joining it, professional accounting bodies are facing budget pressures. Standard setters are occupied with bringing ESG standards into mainstream reporting. Assurance providers will be needed to provide limited assurance on standard ESG disclosures initially, and reasonable assurance requirements may not be far behind. There could be challenges in staffing up to meet this demand.

The message from interviewees seems to be that accountants have enough on their plates. However, greater involvement of accountants in social purpose may actually increase the attractiveness of the profession for any member or student who wants a career of purpose.

## Pathway to social purpose accountability

### What might social purpose reporting look like?

Since social purpose reporting is new territory for most accountants, it may be helpful to look for models. The closest match is corporate purpose disclosures which do not necessarily include a social imperative. Black Rock appreciates “when companies set out their purpose and strategy and provide milestones against which shareholders can measure performance through clear and comprehensive disclosure<sup>9</sup>.” An interviewee added that investors want to understand what the purpose means, how the board provides oversight, and how the purpose flows through to strategy and operations. So, purpose disclosures useful for investors address both performance and process elements.

#### **Social purpose reporting combines process and performance disclosures to demonstrate authenticity.**

**Process** – shows how well the social purpose is embedded in the company's governance and operations

**Performance** – shows the progress the company has made to realize its social purpose in the world

As examples of the embedding process, interviewees referred to governance practices, communications, systems and controls, and other formal and informal practices that bring the social purpose to life. Satisfying the performance piece will require clear metrics, long term goals, and interim targets and results. As social purpose reporting matures, we can expect to see some standardization of these disclosures, establishing the suitable criteria that make independent assurance possible.

When asked where social purpose information should be reported, interviewees consistently recommended integrating them with existing disclosures. Possible locations for public companies with continuous disclosure requirements include:

- Annual Reports – annual reports to shareholders, particularly through Management Discussion and Analysis, provide opportunities to demonstrate that the company's social purpose is central to strategy and material decisions, and they are a suitable place to report progress against targets.

<sup>9</sup> <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-strategy-purpose-financial-resilience.pdf>

- Financial statements – included in annual reports, financial statements could include notes on accounting policies or material transactions that activate the social purpose.
- Annual Information Form – the AIF is an appropriate location for a formal statement of the company's social purpose. It could also address the company's management of social purpose risks and relevant controls.
- Management Information Circular – the MIC, distributed in advance of Annual General Meetings, could elaborate on board oversight of purpose, and the social purpose incentive structure.
- Articles of Incorporation – stating the company's purpose in its incorporating documents certainly establishes the social purpose at the core of the entity. This could make sense for newly incorporated businesses but is less practical for established companies.

Integrating social purpose disclosures in existing statements rather than producing a stand-alone report, reduces reporter burden and more clearly makes the point that the social purpose is the reason for the company's existence. Some writers have called for mandatory purpose statements<sup>10</sup>. While this would enhance purpose accountability in some ways, an interviewee cautioned that it could force companies into meaningless statements that undermine trust in authentic social purpose statements.

### What might social purpose assurance look like?

Assurance, whether through internal audit or external professionals provides confidence in reporting, which builds trust. Considering the challenges facing accountants as assurance providers, it is worth considering other ways to foster trust in social purpose companies.

The early days of sustainability reporting and assurance may suggest a pathway. Some of the earliest assurance of sustainability reports was performed by specialist consultancies, not necessarily accountants, and with considerable stakeholder involvement, the "social audit" model. Without sustainability reporting standards to provide criteria, these providers engaged stakeholders in defining material topics and relevant metrics, and gave them a voice in assessing the quality of the sustainability reporting. While not in a position to evaluate the accuracy of data, stakeholders could make reasoned judgements on whether reporting was fair and balanced.

An interviewee explained that stakeholder assurance can be a useful complement to assurance provided by accountants. For example, if a company's purpose is related to stabilizing the climate, accountants would be helpful in assuring that the reported level of emissions is accurate, and stakeholders might ask whether the level of emissions is consistent with the company's purpose.

The earliest standard for sustainability assurance, the AA1000 Assurance Standard, came from AccountAbility<sup>11</sup>, an independent not-for-profit at that time. It was used by academics, independent consultants, social agencies and a few pioneering accountants. Once the International Auditing and Assurance Standards Board (IAASB) issued ISAE 3000, the first International Standard for Assurance Engagements other than Audits of Reviews of Historical Financial Information<sup>12</sup>, accountants had a tool that permitted wider uptake of assurance engagements on sustainability information. Even with an assurance standard, some accountants were still concerned that the earliest sustainability reporting standards, the AA1000 Accountability Principles Standard and early versions of the Global Reporting Initiative Guidelines, were not tightly specified enough to provide suitable criteria.

The situation then has parallels to what accountants face today in relation to social purpose assurance. There are no plans for a standard setting project on social purpose assurance, although the IAASB has launched a project on sustainability assurance<sup>13</sup> that might be relevant for companies with a significant sustainability link to their purpose. Accounting firms are wary of experimenting with social purpose assurance – they would prefer involvement of the whole profession to define standards. In the meantime, there is a need to be filled, and a stakeholder driven approach may fill it.

10 See for example, Bringing Corporate Purpose into the Mainstream: Directions for Canadian Law. <https://davidsuzuki.org/science-learning-centre-article/bringing-corporate-purpose-into-the-mainstream-directions-for-canadian-law/>

11 <https://www.accountability.org/standards/>

12 [https://www.ifac.org/\\_flysystem/azure-private/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf](https://www.ifac.org/_flysystem/azure-private/publications/files/ISAE%203000%20Revised%20-%20for%20IAASB.pdf)

13 <https://www.iaasb.org/consultations-projects/sustainability-assurance>

Internal auditors have played an important role in ESG assurance, leveraging the capacity of external firms or taking on specific projects. Just as they have brought an internal control lens to ESG disclosures, they are well positioned to do the same for social purpose. In their study of risk and internal audit functions in social purpose companies, Deloitte recommended that social purpose organizations elevate the “roles of Risk and Internal Audit from ‘providers of assurance’ to genuine partners in helping a company achieve its purpose<sup>14</sup>.”

## What do we have we could start with?

While there is not a formal standard for social purpose reporting, best practice is beginning to emerge. Corporate Knights published its first rating of social purpose companies in 2022<sup>15</sup>. Disclosure is one criterion of eight (and the most relevant to accounting and reporting) that assess degree of implementation for both governance and operations. The United Way of British Columbia Social Purpose Institute (UWBC SPI) has developed a Social Purpose Scorecard Baseline Assessment and Future State Vision. The assessment covers 47 practices in seven functional areas<sup>16</sup>.

Interviewees for this report also suggested areas of reporting that could demonstrate accountability for the social purpose. These are included together with Corporate Knights and UWBC SPI categories for criteria in the table Social Purpose Criteria in Canadian Practice. The list of criteria emerging from interviews includes additional criteria around risk and internal controls.

Similar criteria have been placed on the same row, showing that expectations are coalescing around at least five areas: strategy, governance, culture, results, and metrics.

## SOCIAL PURPOSE CRITERIA IN CANADIAN PRACTICE

INTERVIEWEES	CORPORATE KNIGHTS	UWBC SPI
<b>TOP 5 CRITERIA</b>		
Strategy	Strategy	Business model
Governance	Board oversight	Governance and leadership
Culture and communications	Culture	People and culture
Execution, achievement of results	Performance objectives	Operations
Metrics	Disclosures	Monitoring and reporting
<b>OTHER CRITERIA</b>		
Compensation	Incentives	
Internal controls		
Risk profile		
Social purpose track record of Board and CEO		
	CEO role description	
		Business ecosystem
		Customer experience and marketing

14 Deloitte. How Risk and Internal Audit Operate in Social Purpose Companies. [https://purposeeconomy.ca/wp-content/uploads/2023/05/FINAL\\_031623-BCLC-White-Paper-Risk-and-IA.pdf](https://purposeeconomy.ca/wp-content/uploads/2023/05/FINAL_031623-BCLC-White-Paper-Risk-and-IA.pdf)

15 <https://www.corporateknights.com/rankings/other-rankings-reports/social-purpose-pathway/2022-social-purpose-rating/>

16 A freely available version of the Social Purpose Assessment tool has 25 practices. <https://socialpurpose.ca/sp-assessment/>

Much work is needed to turn these emerging criteria into generally accepted criteria suitable for assurance, but the common elements in the table point to pieces we can build on:

## STRATEGY AND BUSINESS MODEL

The Integrated Reporting <IR> Framework has come under the umbrella of the International Financial Reporting Standards (IFRS) organization, which has committed to develop it further. Some interviewees pointed to <IR> being the nearest thing we have to a reporting framework for social purpose disclosures. While the <IR> Framework does not specifically demand disclosure of corporate purpose, its content elements include the business model that enables the organization to achieve its purpose. It also emphasizes long term value creation for all stakeholders<sup>17</sup>. The longer time frame and stakeholder perspective are factors that make it more likely a company's purpose will be a social purpose as the company seeks to build value over the longer-term. The <IR> Content Elements could provide companies with a structured way to show that their social purpose is present in their business model and strategy.

## GOVERNANCE

ISO 37000:2021 Governance of Organizations establishes Purpose as its first principle of governance. Its interpretation of purpose clearly extends beyond shareholder value.

### **Purpose as a principle of good governance**

**“The governing body should ensure that the organization's reason for existence is clearly defined as an organizational purpose. This organizational purpose should define the organization's intentions towards the natural environment, society and the organization's stakeholders.” ISO 37000:2021**

Despite the importance of governance to fulfilling purpose, the Corporate Knights rating (above) found Board oversight to be one of the weaker areas for companies, making governance a potentially useful test of embeddedness. Corporate Knights looked for explicit responsibility for oversight of purpose in board terms of reference. Strandberg Consulting has also provided recent guidance on how to improve social purpose governance in *Purpose and Stakeholder Governance Playbook: Your Guide to Enhancing Your Board's Oversight of Purpose and Stakeholders*<sup>18</sup>.

## CULTURE

A Chief Purpose Officer can be a key role for influencing culture in an organization, including in accounting firms. As a member of the executive team, they can be responsible for ensuring authentic integration and activation of the social purpose. Chief Financial Officers are well suited to take on the executive purpose role owing to their position overseeing budgets and results for the whole organization, and for their specific responsibilities related to risk, internal control, business process improvement, audit and reporting.

An interviewee explained the Chief Purpose Officer function as having three dimensions:

- Challenger – acting as a check on decision making to ensure the purpose is authentic
- Navigator – setting the purpose as the North Star and getting the business aligned
- Enabler – helping people articulate and activate the purpose.

A Chief Purpose Officer could then use existing tools to measure the success of these three roles.

The UWBC SPI Self-Assessment tool above offers several ways of evaluating the integration of social purpose in culture. An employee engagement survey could be used to assess various dimensions over time. These could include employee awareness of their role in activating the purpose, the prevalence

<sup>17</sup> <https://www.integratedreporting.org/resource/international-ir-framework/>

<sup>18</sup> [https://purposeeconomy.ca/wp-content/uploads/2023/04/CPEP\\_Purpose\\_and\\_StakeholderGovernance\\_Playbook\\_2023-04.pdf](https://purposeeconomy.ca/wp-content/uploads/2023/04/CPEP_Purpose_and_StakeholderGovernance_Playbook_2023-04.pdf)



of social purpose stories in internal communications and its role throughout the employee lifecycle<sup>19</sup>. Alternatively, the Contexis Index, developed with Cambridge University in the UK, can measure how purpose influences performance by focusing on the cultural characteristics of trust, emotional ownership and contextual clarity<sup>20</sup>.

## RESULTS

Results refers to the achievement of social purpose objectives which are as varied as the organizations that pursue them. One high profile example is Patagonia, the outdoor clothing and gear company. Patagonia's purpose – “We're in business to save our home planet” – led to a change in ownership structure with the result that dividends will be paid into the Patagonia Purpose Trust to defend nature<sup>21</sup>. However, such dramatic changes are not necessary to achieve social purpose results.

These are early days for most social purpose companies. Even those with a long-standing orientation towards societal benefit may be in the early days of making a social purpose commitment more explicit in their governance, strategy and reporting. So, it is more common to find long-term social purpose goals that will be achieved over time than results. Some organizations tie their social purpose to globally shared objectives, such as the Global Goals. The Co-operators financial co-operative sees its purpose as “Financial security for Canadians and our communities.” Their 2022 Integrated Annual Report<sup>22</sup> includes long-term 2030 Enterprise Goals to drive them toward their social purpose and links these in turn to the Global Goals. Accountants could be helpful in linking social purpose goals to strategy, business processes and results.

## METRICS

Interviewees emphasized the importance of metrics to demonstrate that the social purpose is embedded (process) and that it is producing results (performance). Process metrics can be found in or derived from the strategy, governance, or culture frameworks and tools mentioned above. Performance metrics may reflect a unique social purpose or align to existing frameworks. Companies with a unique social purpose that requires creating performance measures from scratch, can draw on best practices in impact measurement<sup>23</sup> or social science. The Global Reporting Initiative (GRI) Standards, used for sustainability reporting of material impacts, are another valuable metric resource<sup>24</sup>.

## CONTROLS

While not a Top 5 criterion across the three sources, controls are highly relevant to accountants and necessary to ensure the integrity of social purpose reporting. As the field of social purpose controls is in its infancy, we looked to controls over sustainability reporting. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has studied the application of the COSO Internal Control – Integrated Framework (ICIF-2013) to sustainability reporting<sup>25</sup>. The authors found that ICIF-2013 could be applied to sustainability reporting with a significant addition – “the articulation of an organization's purpose and commitment to acting with integrity.” They suggest that the purpose should address “the reason that stakeholders contribute their precious resources...and what they expect in return.”

The COSO report also finds that the first element of ICIF-13, the Control Environment, in which “the organization demonstrates a commitment to integrity and ethical values,” is consistent with a corporate purpose that is not exclusively focused on profit maximization and that the establishment of the control environment is essential to building trust. This was echoed by an interviewee who

19 See Employee Purpose Perception Questions for more examples. [https://purposeeconomy.ca/wp-content/uploads/2023/05/CPEP\\_Survey-PurposePerception.pdf](https://purposeeconomy.ca/wp-content/uploads/2023/05/CPEP_Survey-PurposePerception.pdf)

20 <https://contexisindex.com/2020/10/12/evaluate-impact-corporate-purpose/>

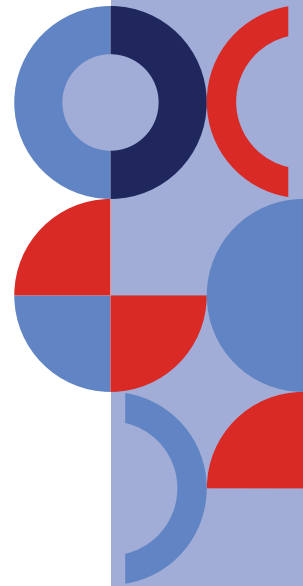
21 <https://www.patagonia.com/ownership/>

22 <https://integratedreport.cooperators.ca/>

23 See for example, <https://www.commonapproach.org/>

24 <https://www.globalreporting.org/standards/>

25 <https://www.coso.org/Shared%20Documents/COSO-ICSR-Report.pdf>



suggested that the system of controls may be even more important in a social purpose company because controls ensure alignment of shareholders and stakeholders around the purpose.

Cutting across all these elements, a Guide from the British Standards Institute shows how purpose driven organizations can deliver sustainability. PAS 808:2022 Purpose-driven Organizations: Worldviews, principles and behaviours for delivering sustainability distinguishes between ends, means, and methods, providing a multi-level accountability framework with measurable behaviours<sup>26</sup>.

The frameworks described above are not the only tools for measuring purpose, but a sampling of approaches. Most of these were not created specifically for accountants. As we saw in the section on assurance, the early stages of building a field may require accountants to draw on various approaches and collaborate across disciplines. One interviewee pointed to education in social sciences being useful to purpose accountability.

## What do we need?

Building the field of purpose accountability will require commitment from accountants in all their roles, from investors and from supporting organizations. Below we set out some key actions for each group that have been inspired by research for this brief and the Canadian Purpose Economy Project.

### INDIVIDUAL ACCOUNTANTS

- Embrace your personal mandate for purpose accountability<sup>27</sup>
- Seek opportunities to apply purpose accounting competencies
- Seek training and development in purpose accountability

### ACCOUNTANTS IN COMPANIES

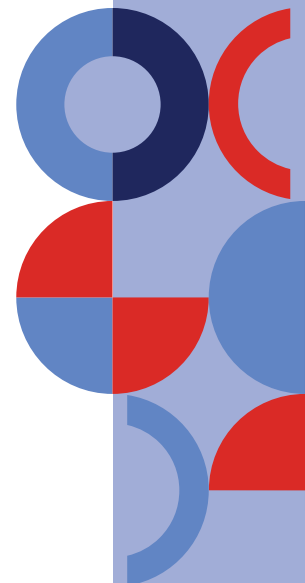
- Accountants in leadership positions can advocate for an authentic social purpose and the means to embed and measure it
- Ensure the purpose shows up in the company's strategy deliberations and risk management
- Integrate the company's social purpose in its business case template
- Ensure the company has a Chief Purpose Officer role
- Support the company in its purpose disclosures
- Contribute to establishing an internal control framework for the company's purpose
- Contribute to internal audits of the company's purpose
- Develop baseline data in the areas the social purpose will focus on
- Find and learn from accountants in other firms who are advancing purpose accountability

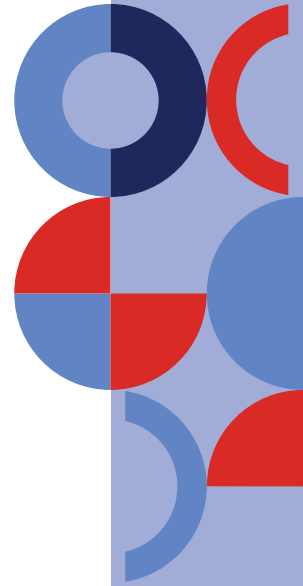
### INVESTORS

- Develop your understanding of the business case for social purpose generally and for the specific companies you invest in
- Find out the purpose of the companies when conducting due diligence or engaging
- Ensure there is a link between the company's purpose, strategy and culture
- Ask the company's accountants how they ensure accountability for the social purpose
- Ask Directors of companies about how they provide oversight of social purpose

<sup>26</sup> <https://www.bsigroup.com/en-GB/standards/pas-808/>

<sup>27</sup> See for example <https://purposeeconomy.ca/wp-content/uploads/2023/04/The-Social-Purpose-Professional.pdf>





## ACCOUNTING FIRMS

- Articulate a social purpose for the firm
- Create a Chief Purpose Officer role
- Make your social purpose part of your employer brand and recruitment campaigns
- Invest in building social purpose accounting and reporting skills among staff
- Advocate for social purpose reporting and assurance standards
- Offer services in social purpose accounting, reporting and assurance

## PROFESSIONAL BODIES

- Articulate a social purpose for the profession<sup>28</sup>
- Provide information on how accounting firms can develop their own purpose
- Highlight social purpose opportunities for accountants at conferences and learning events
- Include social purpose in the professional competency map
- Develop social purpose resources, such as guides, frameworks, and discussion papers
- Advocate for social purpose reporting and assurance standards
- Deliver professional training in social purpose accounting, reporting and assurance
- Host a CFO or Director of Finance roundtable on social purpose and report on the discussion
- Share thought leadership with professional accounting bodies in other jurisdictions to foster an international approach

## STANDARD SETTERS

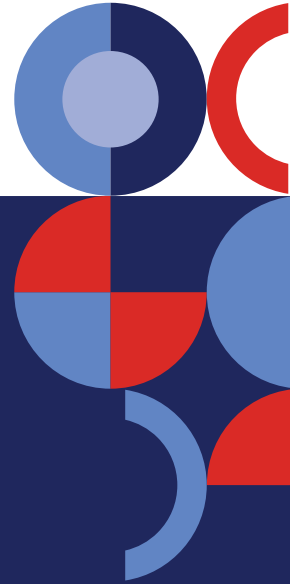
- Articulate a social purpose for the standard setting body
- Launch projects to explore the potential of social purpose accounting, reporting and assurance

## QUESTIONS FOR DISCUSSION

1. What experience or nuance can you add to the findings and analysis in this brief?
2. Does the analysis of what we need omit any significant actions?
3. What priorities should be pursued over the next two to three years to build this field of practice?

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<sup>28</sup>Research on the social purpose of associations <https://boardroom.global/the-social-purpose-of-associations-a-call-to-action-to-serve-the-greater-good/>



## Interviewees

Gordon Beal, FCPA, FCA, former Vice President, Research, Guidance and Support, CPA Canada

Richard Boele, Chief Purpose Officer, Partner, KPMG Australia

Lisa French, MBA, P.Eng, Vice President, Sustainability Standards – Financial Reporting & Assurance Standards Canada

Delaney Greig, JD, Director, Investor Stewardship, University Pension Plan Ontario

Alan Kerr, CPA CMA, ICD.D., CFO & VP Finance & Corporate Services, BC Lottery Corporation

Jamal Nazari, Ph.D., CPA, CMA, CGA, Professor of Accounting, Beedie School of Business at Simon Fraser University

Nura Taef, CPA, CA, Partner, Deloitte

## About the Canadian Purpose Economy Project

The Canadian Purpose Economy Project exists to accelerate the transition to the purpose economy. It engages national ecosystem actors to create an enabling environment for social purpose businesses to start, transition, thrive and grow. This paper is one in a series of reports exploring the roles of key actors to advance social purpose in business including accountants, boards, investors, associations, business schools and others. Subscribe to our updates at [www.purposeeconomy.ca](http://www.purposeeconomy.ca)

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