

### SUFIN for a New Education

In the scope of the SUFIN project, the topic of sustainable finance is covered in eight courses and students' seminar. According to the specific thematic they cover, courses are grouped into 4 thematic units as following: introductory unit on EU history and institutions; units on reporting, accounting and finance; units on managerial accounting, and units on risk management and insurance.

The lecturers at the SUFIN module are professors of the Faculty of Economics - University of Niš, Faculty of Economics - University of Belgrade, Faculty of Tourism and Hospitality - University of Bitola, as well as experts in accounting and auditing.

After successfully completing all module courses, students receive Certificate from the University of Niš on the completed SUFIN module, which is a legitimate document and verifies additional knowledge of candidates.

The application is now open!



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## European Green Deal and the need for Sustainable Finance

In December 2019, as a sound response to numerous climate and environment-related challenges, the European Commission managed by Ursula Von der Leyen, announced the European Green Deal for the European Union and its citizens. The overall and the most important objective of the EU Commission plan is a "climate neutral" Europe, which refers to net zero greenhouse gas emissions by 2050.

According to the EU Commission, the Green Deal is "an ambitious package of measures ranging from ambitiously cutting greenhouse gas emissions, to investing in cutting-edge research and innovation, to preserving Europe's natural environment". The areas that are explicitly covered by the Deal are, in the first place, clean energy and the transformation from linear to new circular model economy (as a part of the broader EU industrial strategy). Other important objectives of the Green Deal are related to achieving pollution-free environment (air, soil and water), the new ecosystem and biodiversity strategy, the new strategy for a "green and healthier agriculture" system and sustainable transportation/mobility. Taking into account that the transition towards climate neutral Europe requires a high amount of investments, sustainable finance emerged as an essential part of the plan. The package of financial measures for the Green Deal is presented in

the section "Pursuing green finance and investment and ensuring a just transition". The funding needed to achieve the current climate and energy goals by 2030 is estimated at additional annual investments of 260 billion euros. The EU Commission also prepared a *Sustainable Europe Investment Plan*, which is to meet the additional funding needs to support sustainable investments. The plan is expected to lead to investments of at least one trillion euros over the next decade and has three goals: (a) increase financing for the transition and activate at least one trillion euros to support sustainable investments over the next decade through the EU budget and related instruments, particularly InvestEU; (b) enabling both private investors and the public sector to promote sustainable investments; (c) giving assistance to public administrations and project promoters in identifying, structuring and implementing sustainable projects.

A renewed *Sustainable finance strategy*, which is to be announced by the EU Commission in the third quarter of 2020, will aim attention at strengthening the foundations for sustainable investment (among others, the adoption of the taxonomy for classifying environmentally sustainable activities), expanding the opportunities for identifying sustainable investments and ensuring their credibility, and managing and integrating climate and environmental risks into the financial system.

## Principles for Project Management Success

The temporary character of project may appear contradictory to the long-term orientation of sustainability concept. However, projects operationalize long-term investment objectives of the company and take place in an broader environment.

In order to be sustainable, portfolios, programs, and projects should satisfy all three pillars of sustainability – social, environmental and economic. These dimensions are interrelated, what emphasizes the increasing need for risk management and involvement of social actors in projects. Hence, the principles of sustainability are naturally integrated with mature business strategy. According to the ISO:26000 Guidance on Corporate Social Responsibility some of the principles of sustainable project management are as follows:

1. **Values and Ethics**
2. **Participation**
3. **Accountability**
4. **Transparency**
5. **Stakeholder interest**

The sustainable development can only be achieved if the sustainable project management process lead to the creation of sustainable assets, which in turn produce sustainable results.



## Accounting trends of tomorrow – what we need to know.

The Dean of the Faculty of Economics, University of Niš is explaining the integration of sustainability issues in accounting and reporting.

Sustainability accounting is a new segment of accounting aimed at reporting on sustainable issues that present a great challenge for accounting professionals.

It is an indisputable fact that companies' business activities greatly influence the environment, both ecologically and socially, so the logical consequence of that is the high interest of stakeholders in the companies' business. Having such a situation, it becomes clear that the companies' success depends not only on the quality of its products, services and ability to satisfy the customers' needs in the best possible way, but also on the degree of its' social responsibility. Corporate social responsibility is a concept by which companies consciously exceed their basic functions in order to achieve positive impact on the natural, social and work environment incorporating the issues of sustainable development in business strategy. Conventional accounting and financial reporting have a minimalist approach dominated by reporting on the economic performance of companies, which does not allow stakeholders to gain knowledge about how management integrates these issues into business strategy nor monitor their execution.

Therefore, a new segment of accounting has been defined - sustainability accounting.

Sustainability accounting can be considered a subtype of accounting that encompasses activities, methods and systems to recognize, analyze, record and measure the interaction of economic with social and environmental impacts forming a link between strategic management and reporting.

**“There are numerous challenges precluding the common adoption of sustainability reporting, and these challenges are rather interrelated.”**

Its role is twofold. Namely, it collects and analyzes data for the calculation of performance indicators in the field of ecology, human rights, social impact, corruption and their connection with economic performance. On the other hand, the main task of sustainability reporting is informing key stakeholders on sustainable development issues. A special problem of sustainability accounting is providing publicly available, objective and accurate information for decision-making.

Accountants contribute to the development of this area and influence companies to behave environmentally and socially responsible and report on it in a timely and accurate manner. The accounting profession is expected to find adequate guidelines that would assist companies in compiling reports on sustainable development and solve the problems of materiality, comparability and verification of the information presented in this report. In the search for an appropriate reporting system, a number of approaches, theories, reports and concepts have been developed under different names: *Environmental Reporting*, *Sustainability Reporting*, *Social Responsibility Reporting*, etc. However, two initiatives that promote social responsibility reporting and offer a complete reporting system can be distinguished: (1) the International Integrated Reporting Initiative, promoted by the International Integrated Reporting Council (IIRC), and (2) the Global Reporting Initiative (GRI), promoted by the organization of the same name. GRI and IIRC announced a collaboration that will clarify the frameworks for integrated reporting and provide insights into value creation and drive transparency.



## Education for sustainable development

The companies need employees to work in their reporting and sustainability departments and for that reason, the traditional education in accounting and reporting should be enlarged.

Watch the daily news and you can see that the world is facing a lot of challenges like climate change, greenhouse gas emissions, global warming, exploitation of natural resources, environmental pollution, overpopulation, poverty, bad working conditions, corruption etc. Lot of these problems are caused by companies whose primary aims are growth and profit maximization and it is all about financial figures. But we have only one earth and natural resources are limited and now it is time for changing.

Companies should understand their positive and negative impacts on society and environment. To fulfill their corporate social responsibility (CSR) they have to prevent, manage and mitigate any negative impact that they may cause, also in their global supply chain. In supporting and encouraging companies to conduct their business in a responsible way, public authorities, including the EU, play an important role.

As one step to help investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance EU law (Directive 2014/95/EU) requires large companies with more than 500 employees to report and disclose how they operate and manage social and environmental challenges.

**“The next generation of managers is educated now at the universities. They have to get a mindset enabling them to face the further coming challenges in society, economy and ecology.”**

This regulation also helps companies to develop a responsible business approach, because they are not only forced to report some sustainability indicators, they are forced to report their policies to cope with social and environmental challenges and to make sustainability to a business case. Those required information should be included in their annual reports from 2018 onwards as part of a non-financial statement or a separate non-financial report, e.g. a sustainability report.

Beside this regulation companies can also prepare a sustainability report in addition to the financial report on a voluntary basis to present financial, environmental and social aspects of the business activities in a balanced way. It can also be used to connect the achievement of sustainability goals with the board compensations and to incorporate sustainability goals in the company's strategy.

The companies need employees to work in their reporting and sustainability departments. It is important that students are aware that a company's performance is not only about financial performance. They should learn the different aspects of sustainability, different approaches to achieve sustainability goals on a company's but also EU or worldwide level. The students should be able to understand the requirements for sustainability reporting and use the different national and international guidelines to prepare and analyze these kinds of reports. Among others, these aspects should become part of the syllabi at universities in the EU and worldwide. And it is not only about sustainability reporting, it is much more about a sustainable way of doing business.

## EYE ON IT Current Corporate Reporting Trends

EU law requires large companies to disclose certain information on the way they operate and manage social and environmental challenges.

[Directive 2014/95/EU](#) – also called the non-financial reporting directive (NFRD) – lays down the rules on disclosure of non-financial and diversity information. This directive amends the accounting directive 2013/34/EU. Companies are required to include non-financial statements in their annual reports from 2018 onwards. Directive 2014/95/EU gives companies significant flexibility to disclose relevant information in the way they consider most useful. In June 2017 the European Commission published its [Guidelines to help companies disclose environmental and social information](#). In June 2019 the European Commission published [Guidelines on reporting climate-related information](#). In its 11 December 2019 [Communication on the European Green Deal](#), the Commission committed to [review the non-financial reporting directive](#) as a part of the strategy to strengthen the foundations for sustainable investment.





## LEONI Serbia

LEONI Serbia is part of the LEONI Group and opened its first production facility in Prokuplje, Serbia, back in 2009. In 2014, the plant in Malošište / Doljevac Municipality was opened followed by the plant in Niš in mid-2017. In August 2018, the company started to build its fourth plant in Kraljevo, which will be the biggest plant of the LEONI Wiring Systems Division worldwide. LEONI Serbia is currently the only European entity with four production facilities within the Wiring Systems Division (WSD).

Currently, LEONI Serbia is among the 15 biggest exporters in Serbia.

## Upcoming Events

- **European strategy and principles of sustainable finance**

The lectures lay the theoretical foundation in sustainability issues affecting the various sectors of corporate finance, and an understanding of how integrating sustainability principles and practices into finance can be implemented with aim to make financing decisions more efficient and effective, to reduce risks and create business opportunities that provide and maintain competitive advantage, for both companies and financial institutions.



- **Sustainability and project evaluation**

This lecture will focus on the recent developments in EU policies and methodology for cost benefit analysis and international best practice. The aim is to enhance knowledge on the key elements of project evaluation in sustainability context, such as long-term view, global (and local) perspective, economic development and environmental degradation and stakeholders' participation. At the end of the course students will be able to develop a model of sustainable analysis to evaluate an investment project of their choice.



- **Study visit to company Leoni Wiring System Southeast**

The business practice of LEONI Serbia on performance evaluation of sustainable development projects will be presented by Dr. Marija Kostić, BU BMW Controlling Manager. The lecture will take place in the premises of the company in Niš and afterwards participants will be able to take an organized plant tour.



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