



# ACCOUNTING FOR SUSTAINABILITY

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Executive Chairman





# GLOBAL CONTEXT

A photograph of several palm trees in a tropical setting, heavily swayed by strong winds. The fronds are blurred, indicating rapid movement. In the foreground, there is a low, rough stone wall. The background is a hazy, overcast sky, suggesting a storm or heavy rain. The overall tone is somber and dramatic.

# **EXTREME WEATHER EVENTS**

# NATURAL DISASTERS





# FAILURE OF CLIMATE- CHANGE MITIGATION AND ADAPTATION







# WATER CRISES

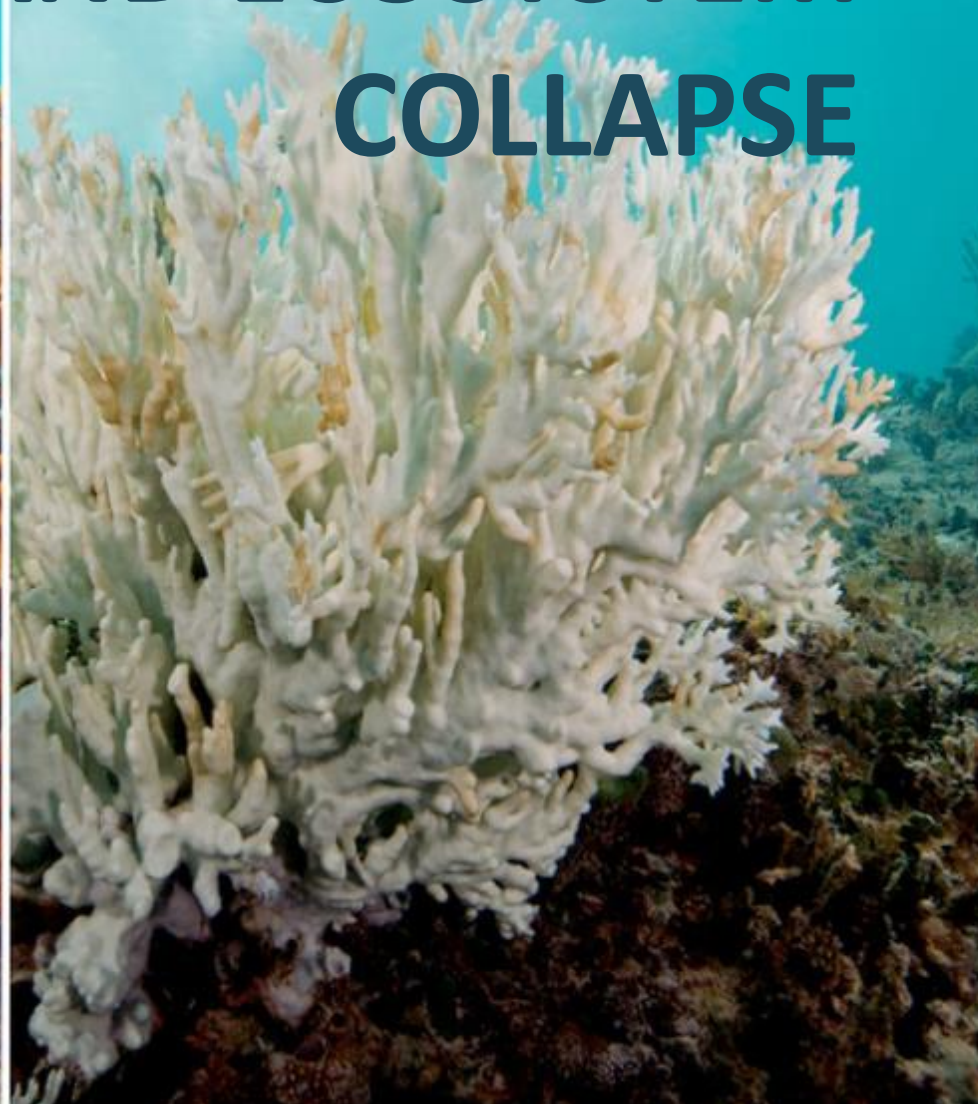


# CYBERATTACKS





# **BIODIVERSITY LOSS AND ECOSYSTEM COLLAPSE**





# LARGE-SCALE INVOLUNTARY MIGRATION





The image shows two dead fish lying on a dark, textured surface. One fish is in the foreground, angled towards the left, with its head and eye clearly visible. The other fish is in the background, lying horizontally. The text 'MAN-MADE ENVIRONMENTAL DISASTERS' is overlaid in white, bold, sans-serif capital letters on the right side of the image.

# **MAN-MADE ENVIRONMENTAL DISASTERS**





**FOOD CRISES**



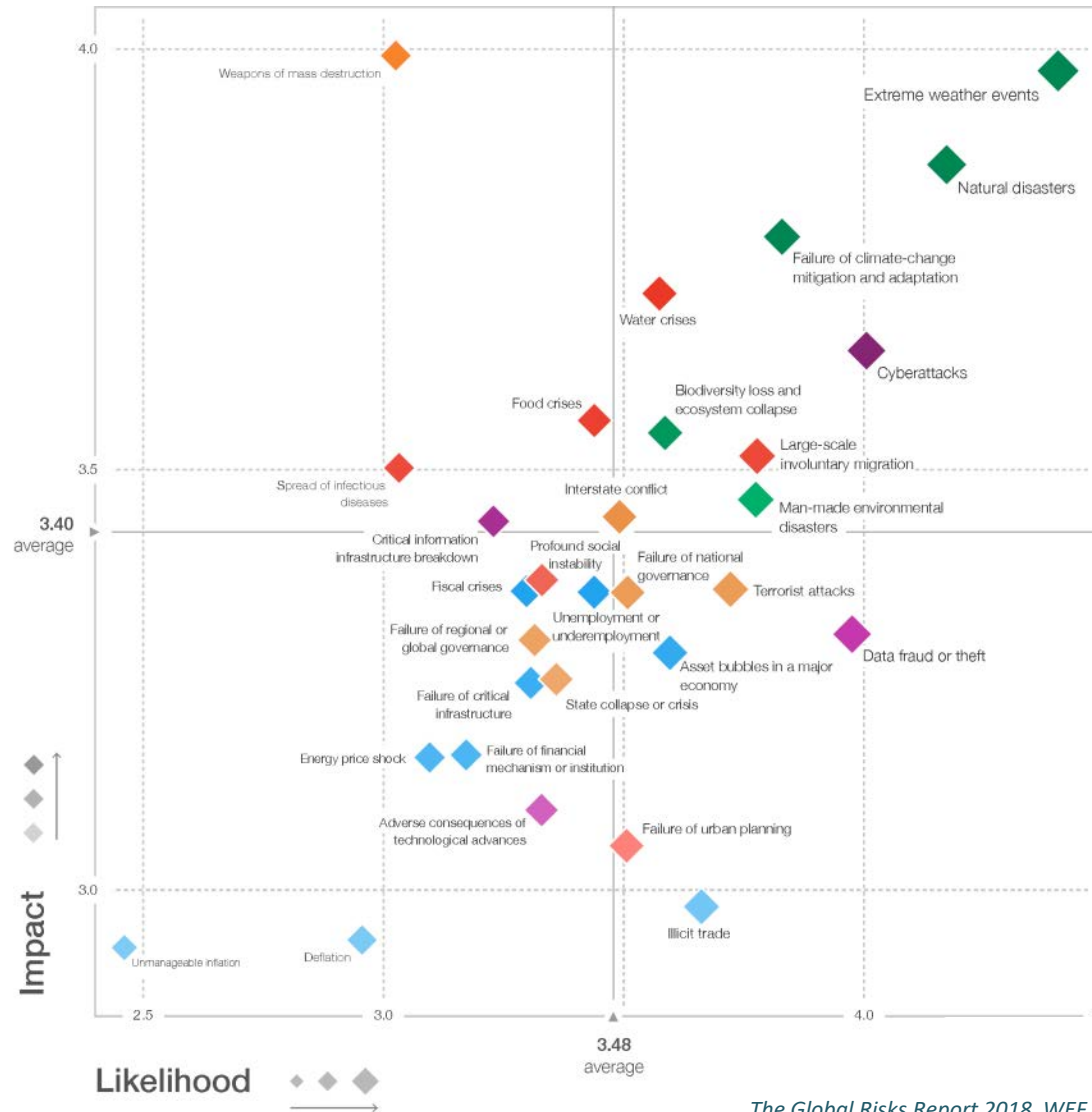
# INTERSTATE CONFLICT





# THE GLOBAL RISK LANDSCAPE

## Categories



# AN INTERCONNECTED MAP: RISKS AND TRENDS

## Risks

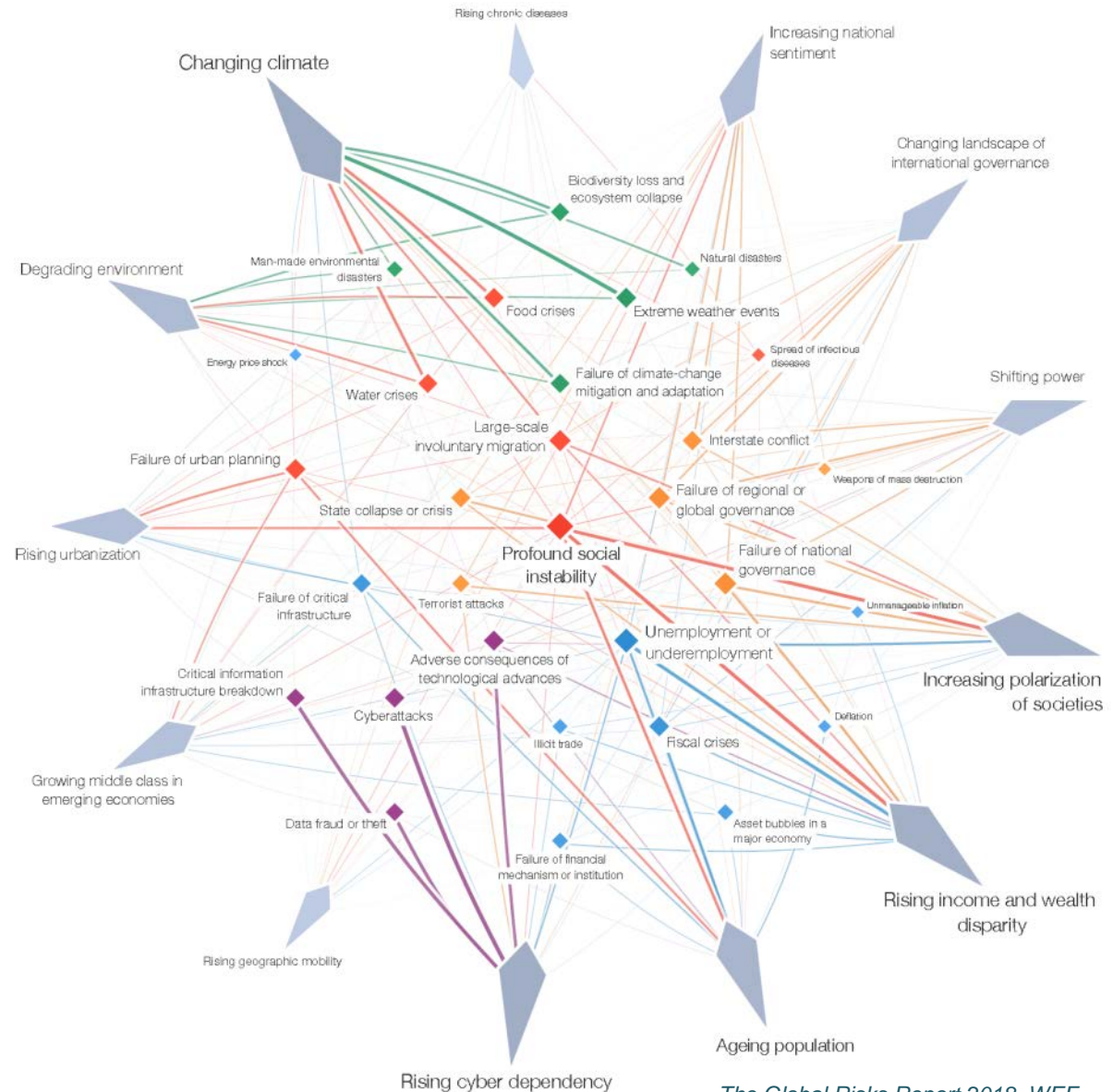


Number and strength  
of connections  
("weighted degree")

## Trends



Number and strength  
of connections  
("weighted degree")

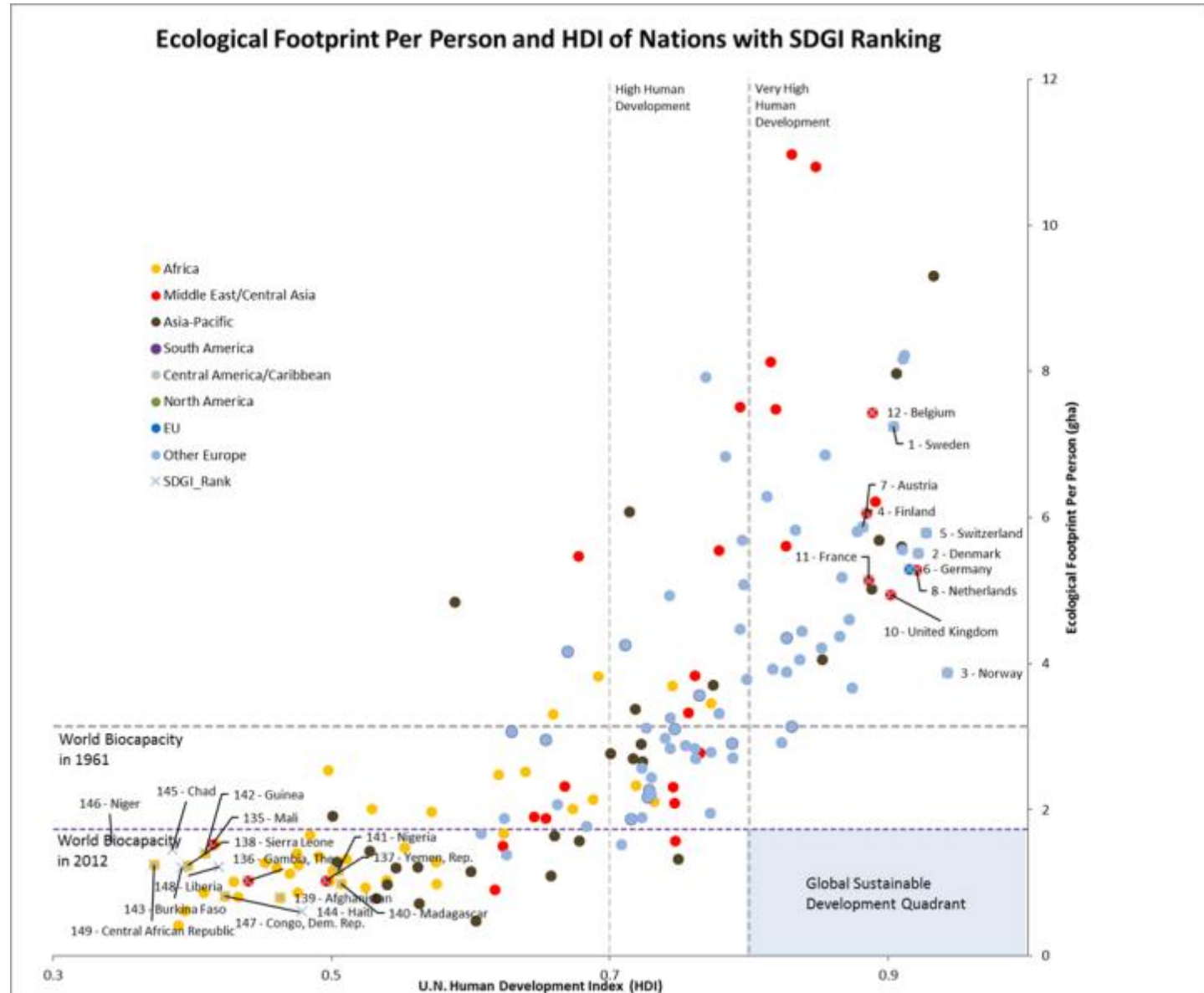




# THE AMBITION

TO LIVE WELL  
WITHIN THE  
BOUNDARIES  
OF ONE  
PLANET

The old  
approaches  
will not get us  
there



"There was a time when we could say that there was either a complete lack of knowledge, or at least room for doubt, about the consequences for our planet of our actions.

**That time has gone.**

We now know all too clearly what we are actually doing and that we need to do something about it urgently. Better accounting must be part of that process."












# WHY FINANCE?

# WHY SHOULD SUSTAINABILITY MATTER TO FINANCE?

-  Cost cutting and efficiency
-  Risk mitigation
-  New competitive and revenue opportunities
-  Innovation
-  Improved employee development and retention





# WHY DOES FINANCE MATTER TO SUSTAINABILITY?

- Integrating function
- Information for strategic planning, decision making, and performance
- Credibility with the Board, regulators, investors and others
- Hold the purse strings!

# SUSTAINABILITY PAYS...

“

A lot of people think that sustainability isn't underpinned by commercial viability. The reality is that commercial decision making that integrates sustainability makes absolute sense.

”

John Rogers, former CFO **Sainsbury's**  
and founding member of A4S CFO  
Leadership Network







# FUTURE PROOFED DECISION MAKING

A4S's focus on Integrated Thinking:  
The role of finance



# OUR AIMS

Established by HRH The Prince of Wales in 2004 “to help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision-making and reporting systems” - HRH The Prince of Wales

- **Inspire** finance leaders
- **Transform** financial decision making
- **Scale up** action





# WHO WE WORK WITH



Chief Financial Officers (CFOs) & finance teams



Global accounting community



Investors, capital markets & the wider finance community



Governments, regulators & policy makers



Business schools



love every drop  
anglianwater



**British  
Land**



**BURBERRY**  
*London, England*



**THE CROWN  
ESTATE**



**gsk**  
GlaxoSmithKline



**Heathrow**



**nationalgrid**



**Pennon**



**DSM**



**SIEMENS**



**SOLVAY**  
asking more from chemistry®



**sse**



**TESCO**

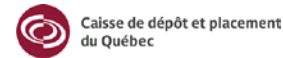


**YorkshireWater**





**Brookfield**





# A GLOBAL NETWORK



Key:

-  Network Chapter or Circle of Practice already established
-  Discussions underway



# PRACTICAL GUIDANCE ON INTEGRATED THINKING

## THE A4S ESSENTIAL GUIDE SERIES

*By finance, for finance*

### LEAD THE WAY

Developing a strategic response to macro sustainability trends

- Finance Culture\*
- Managing Future Uncertainty
- Incentivizing Action\*
- Engaging the Board and Mobilizing Action\*

### MEASURE WHAT MATTERS

Developing measurement and valuation tools

- Natural and Social Capital Accounting
- Social and Human Capital Accounting

### TRANSFORM YOUR DECISIONS

Integrating material sustainability factors into decision making

- Strategic Planning, Budgeting and Forecasting\*
- Integrated Management Reporting\*
- Capex

### ACCESS FINANCE

Engaging with finance providers on the drivers of sustainable value

- Enhancing Investor Engagement
- Debt Finance\*



**Brookfield**

