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# Senior Finance Leader Briefing

**Purpose:** This briefing should be reviewed prior to the Senior Finance Leader Questionnaire.

The purpose of this briefing is to allow Sustainability Champions in the WWF-Canada Living Planet @ Work (LP@W) program to initiate a conversation with members of their organization's Senior Finance Community (e.g. CFO, Controller, VP Finance, etc.) on the value of sustainability initiatives at work. This briefing is to provide an overview of the array of benefits associated with strong organizational sustainability performance. This briefing is intended to stimulate a dialogue with the Senior Finance Community, leading to an assessment of sustainability opportunities for your organization specifically.

## What is Sustainability?

In a business context, we offer the following definition for consideration as you review this briefing: *"Sustainability is corporate activities that maintain or enhance the ability of a company to create value over the long term."* Sustainability encompasses consideration of *environmental, social and economic factors that are critical to an organization's long term value creation.*<sup>1</sup>

## Why is Sustainability Important?

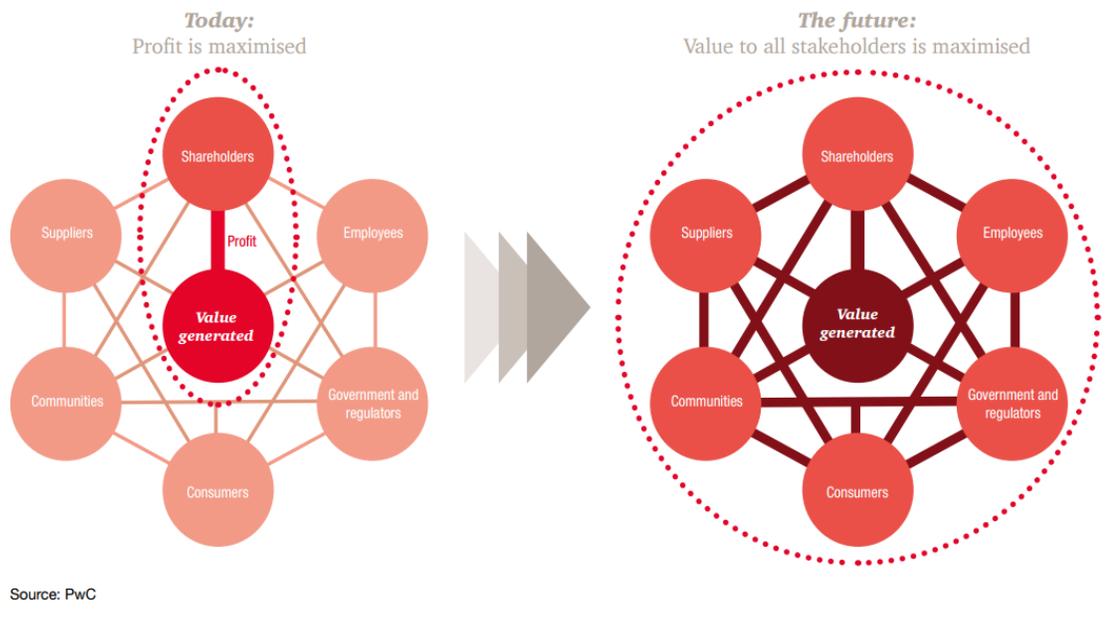
A number of global sustainability megatrends are creating new risks and opportunities. Examples include:

- Climate change and extreme weather events
- Material resource scarcity
- Water scarcity
- Food security
- Biodiversity loss and ecosystem collapse

These megatrends are growing in importance to organizational stakeholders, including shareholders, employees, government/regulators, consumers, communities and suppliers. At the same time, businesses are moving from a shareholder to a stakeholder model (see figure on next page). Organizations can become well-positioned to address these megatrends through designing effective strategies to mitigate risks, while simultaneously capitalizing on opportunities for competitive advantage.

<sup>1</sup>Definition taken from the Sustainability Accounting Standards Board (SASB) Conceptual Framework, Exposure Draft: April 2016.

**Figure 1: Moving from a shareholder to a stakeholder model**



## What is the Role of the CFO / Senior Finance Community?

According to a 2011 EY survey of global CFOs, “65 percent of respondents stated their CFO has become involved in sustainability. Respondents cited cost reductions (74%) and managing risks (61%) as two of the three key drivers of their company’s sustainability agenda — both of which are of keen interest to CFOs.” According to the same survey, “one key reason for growing CFO involvement is the growing scrutiny of company sustainability issues by equity analysts.”<sup>2</sup>

According to a 2014 Deloitte survey of CFOs, “73 percent of respondents noted a strong link between sustainability performance and financial performance. In contrast, only 26 percent noted a weak link between the two (while 1 percent saw no link).” Further, “80 percent of respondents expect their involvement in sustainability to increase or slightly increase in the next two years.”<sup>3</sup>

As evidenced through surveys of global CFOs, the role of the Senior Finance Community in sustainability continues to evolve as the global sustainability megatrends grow in importance to stakeholders. Sustainability issues are no longer viewed in a silo – the ability of an organization to integrate sustainability considerations into organizational strategy is essential for long term value creation in today’s environment.

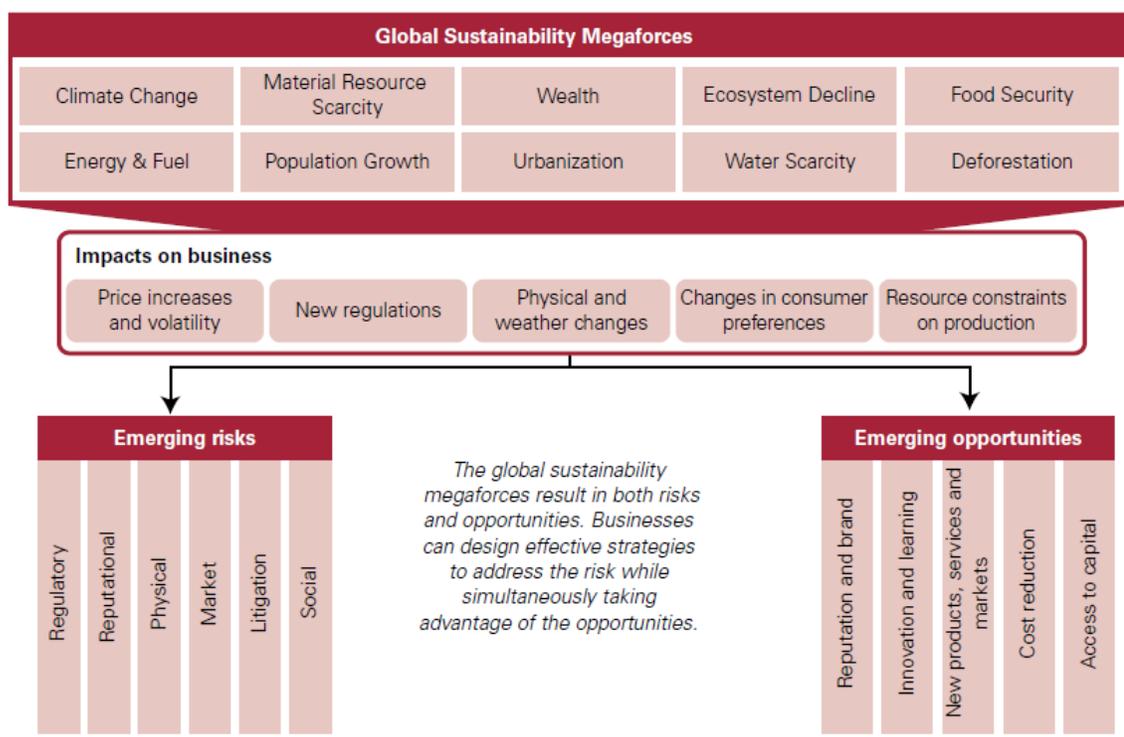
<sup>2</sup> EY: The CFO’s Role in Sustainability is on the Rise ([http://www.ey.com/US/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services/Six-growing-trends-in-corporate-sustainability\\_Trend-2](http://www.ey.com/US/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services/Six-growing-trends-in-corporate-sustainability_Trend-2))

<sup>3</sup> Deloitte: CFOs and Sustainability: Shaping Their Roles in an Evolving Environment (<http://www2.deloitte.com/global/en/pages/risk/articles/CFOs-and-sustainability.html>)

## What are the Benefits of Organizational Sustainability?

In the context of the definition above, sustainable organizations have increased potential for long term value creation. Sustainability initiatives serve to preserve, enable and create value for organizations. As expectations of various stakeholders evolve in the context of global sustainability megaforces, businesses have an opportunity to take advantage of new opportunities and mitigate evolving risks.

Figure 8: Global sustainability megaforces – Addressing the risks while realizing the opportunities



## What are the Next Steps for My Organization?

An important next step is to perform an assessment of the sustainability opportunities for your organization, taking into account entity-specific considerations and industry trends. The Senior Finance Community LP@W Questionnaire is designed as a starting point to assess your organizations' sustainability opportunities.

## Other Sustainability Resources:

To learn more about emerging sustainability megatrends, we offer the following links to external resources that may be useful:

- [World Economic Forum, Global Risks Report 2016](#)
- [United Nations Sustainable Development Goals](#)

To learn more about the emerging role of the CFO / Senior Finance Community in organizational sustainability efforts, we offer the following links to external resources that may be useful:

- [Deloitte, CFOs and Sustainability: Shaping Their Roles in an Evolving Environment](#)
- [EY, Six Growing Trends in Corporate Sustainability](#)
- [KPMG, Expect the Unexpected: Building Business Value in a Changing World](#)
- [PricewaterhouseCoopers, Business Through a New Lens](#)

Please note that none of the affiliated parties to the LP@W (WWF Canada, CPA Canada, Hewlett Packard Enterprise) are endorsing these specific resources and/or organizations. These links are provided for informational purposes only.