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CFO AS VALUE CREATOR—FINANCE FUNCTION LEADERSHIP IN THE INTEGRATED ENTERPRISE

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INTRODUCTION

Business is taking on new leadership. Companies are shifting priorities and focus toward strategies that further purpose and drive value. Customers, employees, policy makers, and citizens, among others, are looking to business not only to produce profits but also to deliver progress on global issues such as corruption, climate change, deforestation, ocean plastic pollution, and the fair use of human talent, which includes embracing diversity and inclusion and employee engagement. In August 2019, more than 180 U.S.-based CEOs, committing to the Business Roundtable Statement on the Purpose of a Corporation, stated that the future success of their companies, communities, and nation depends on a fundamental commitment to deliver value to each of their stakeholders. The COVID-19 pandemic, along with the resulting economic and financial effects, has business leadership of every sized organization, and their stakeholders, reconsidering business models, resilience, and resource dependency.

In response to these evolving demands,

companies are increasingly taking steps toward incorporating sustainable business activities and adopting an integrated enterprise approach to their governance, strategy, and operations. This evolution, in turn, is affecting the day-to-day role of the chief financial officer (CFO) and the finance and accounting professionals in the CFO's reporting unit (collectively, finance). The CFO is uniquely qualified to lead directly or serve as a critical collaborator in sustainable business and integrated enterprise activities: evaluating project alternatives, implementing new work streams, delivering decision-quality information, assessing performance, and measuring connections to value.[1] Utilizing this enterprise perspective and mind-set, the CFO's role innovates from today's undue emphasis on compliance into the broader role of chief value officer.[2]

Setting strategy as part of the C-suite, CFOs who take initiative and champion sustainable business and integrated enterprise approaches guide their companies to superior performance. The CFO team's role includes responding to the demands of stakeholders for additional disclosures, but it is not limited to external reporting. It includes a broad variety of processes and activities around the integrated enterprise concept. As an organization matures toward a more integrated enterprise approach, a discernable general pattern of progress emerges. First, culture, history, C-suite initiative, or a combination of these factors stimulates the initial important steps toward the consideration of sustainable business and integrated enterprise concepts. Senior leadership is the catalyst to action.

Cross-departmental collaboration between the CFO team and the corporate responsibility or sustainable business team (collectively, SB team) follows. Not infrequently, key participants from investor relations (IR), human resources (HR), environmental health and safety (EH&S), operations, production, engineering, or facilities also join the discussions. Often, initial communications result in the formation of an ongoing task force that works to improve the external reporting agenda and the quality of the data gathered, analyzed, and communicated to the market.

As the CFO team gains more familiarity with the data and objectives, it often facilitates increasingly innovative projects, such as decreasing the company's carbon footprint, adding HR metrics, enhancing information sharing among the company's supply chains, and incorporating sustainable business data into operational and capital allocation choices, including projects that reduce greenhouse gas emissions or address procurement, ecosystem services, chemicals, packaging, and recycling. An area of meaningful challenge is identifying and understanding relevant sustainability business risks and how to mitigate them. Although certain investor, regulatory, and policy-making bodies are advocating for additional disclosure, particularly around climate change-related risks, many companies indicate that their teams are still learning how to accomplish this properly and comprehensively.

This report reflects interviews with corporate professionals about the roles and activities of finance in their organizations' sustainable business and integrated enterprise activities. An overarching consensus is the need for proven, supported methodologies that demonstrate enhanced performance and added value. This is a key mission for the current cohort of CFOs and professionals who aspire to senior business leadership roles. In order to break silos on the way to the C-suite, these corporate professionals need a value-creation mind-set and a working command of the concepts of risk management, governance, innovation, talent management, technology, environmental management, and social responsibility. •

[1] See Delphine Gibassier, Diane-Laure Arjaliès, and Claire Garnier, *Sustainability CFO: The CFO of the Future?* IMA, August 2018, www.imanet.org/insights-and-trends/external-reporting-and-disclosure-management/sustainability-cfo-the-cfo-of-the-future.

[2] The concept of chief value officer was popularized by Jill Atkins and Mervyn King in their book, *Chief Value Officer: Accountants Can Save the Planet*, Routledge, 2016.

Findings

1 GOVERNANCE, CHAMPIONS, AND COLLABORATION

Culture, history, and senior management inspiration appear to be the initial catalysts for a company to initiate meaningful steps on a journey toward improving business sustainability and incorporating an integrated enterprise perspective. Some companies discover this vision after a large, culture-changing event, such as a reorganization. In other cases, the spark is simpler, such as, "Our CEO went to Davos and returned excited and committed."

At a more practical level, senior management translates sustainability into the purpose, mission, values, and strategy that a company articulates to the world. For example, Ginny Cassidy, director of the Enterprise Sustainability Program at Medtronic, said, "For our company, we make lifesaving products. So, this has been part of our culture, embedded in our outlook. It's the whole organization." As another example, General Motors (GM) touts that "General Motors' sustainability strategy is synonymous with its business strategy: to deliver safer, simpler and sustainable transportation solutions for our customers. In doing so, we'll realize our vision for personal mobility—a world with zero crashes, zero emissions and zero congestion." SAP similarly states, "[W]e seek to embed sustainability in everything we do: our solutions, our operations, and our social investment." Many companies translate these broad statements into initiatives and enterprise-wide strategic plans. These plans express intentions and provide a road map for establishing a corporate strategy that links the company's mission to business sustainability.

At several companies, the CFO has taken the lead to execute these strategies by managing an interdepartmental task force or taking dotted-line oversight of the SB team. For example, Cassidy said her company's CFO leads the sustainability business steering group, which has standing quarterly meetings with members of several different corporate teams. From this interaction, a CFO may become the enthusiastic advocate for moving sustainable business projects forward. "Once finance had a better understanding of how we were going to implement, measure, and monitor our sustainability performance toward creating long-term value, our CFO became a great champion of our efforts," said Brian Nash, vice president of sustainability at Ingredion. Dawn Emling, head of sustainability initiatives at Lincoln Financial Group and formerly with Thomson Reuters, similarly said that the CFO's involvement provides two key benefits—oversight and C-suite-level support.

André Besson, head of financial reporting guidelines in Nestlé's Group Accounting and Reporting Department, offered an instructive description of this collaborative progression: "In the past we [finance and control, or F&C] were more peripheral, but in recent years this has changed. Our company-wide Creating Shared Value (CSV) approach is fundamental to how we're doing business. We believe that this is how Nestlé will be successful in the long term—creating value for both our shareholders and society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success. We have a good shared value story to tell and [our F&C team] needs to be involved in the development of [company-wide policies] for a more integrated reporting approach. Our public affairs team also uses some of our financial reporting info. They apply the GRI [Global Reporting Initiative] definitions, and I maintain the IFRS [International Financial Reporting Standards] definitions. In some areas where financial metrics like 'training spent' is required for GRI reporting, they get that from our finance team. We are starting to collaborate more formally in a structured way."

At organizations that lack senior management advocacy, finance appears to remain on the sidelines of sustainable business initiatives. Even at organizations in which the CFO or other senior leaders are championing sustainable business and integrated enterprise approaches, this activity does not necessarily filter down to junior and midlevel finance professionals. For the most part, it appears that their talents and contributions are somewhat underutilized for innovation and other cross-functional activities that require a strong enterprise-wide perspective.

"Once finance had a better understanding of how we were going to implement, measure, and monitor our sustainability performance toward creating long-term value, our CFO became a great champion of our efforts."

One finance professional, for example, revealed that her senior management team did not see the connection between business sustainability and value, and she wondered how lower-level professionals could get its attention as global demands accelerate. Generally, these midlevel finance professionals reported that they recognize the need to understand broader aspects of the business than financial statement compliance, and there is a desire to see more specific goal setting and incentives around integrating an enterprise view and sustainable business concepts and practices.

2 SUSTAINABILITY 101: INFORMATION SHARING ON THE BASICS

When the CFO team and the SB team begin their collaborative journey, it typically leads to an initial meeting or series of meetings that can be described as "Sustainability 101."

Often, the immediate trigger is an investor, rating agency, or stakeholder group request for additional sustainable business performance information that the user finds missing or inadequate in the company's external reports or communications. A response requires the CFO team to understand and become comfortable around these new categories of external reporting. "We needed to educate the CFO team, including treasury and investor relations, on how to engage in these new areas," said Sharon Basel, senior manager of sustainability at GM. This drives the agenda of the initial Sustainability 101 meeting, which requires participation by the CFO team, the SB team, IR, and other disciplines within the company, such as HR, facilities, operations, legal counsel, policy, EH&S, and marketing or corporate communications, depending on the nature of the company's business and its reporting plan and processes.

Some CFOs, particularly in areas such as the United States where sustainability and integrated reporting remain voluntary, may be initially resistant to notions of "disclosure" because it is associated with the regulatory-mandated reporting, such as in Form 10-K. "A finance team may find it very beneficial to understand what reporting is mandatory vs. what is voluntary," Nash said. Clarification of statutory requirements vs. voluntary reporting based on user demands and expectations can help the team set the reporting agenda.

Once the CFO team becomes comfortable with the concept of this type of external reporting, the cross-functional task force's discussions typically take a deeper dive into the various reporting frameworks and guidelines. At first, this alphabet soup of acronyms and guidelines can easily overwhelm. They include the reporting standards issued by the GRI or Sustainability Accounting Standards Board (SASB). It may include the integrated reporting framework of the International Integrated Reporting Council. Since 2018, companies also have been looking at the climate-related financial disclosure recommendations by the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). They also may consider the sustainable development goals (SDGs) launched under United Nations auspices in 2015 as part of its 2030 Agenda for Sustainable Development. Many SB teams prioritize the surveys from CDP and other organizations such as MSCI (www.msci.com/esg-ratings), Dow Jones Sustainability Indices (www.spglobal.com/esg/csa/indices), and Sustainalytics (www.sustainalytics.com) that assign environmental, social, and corporate governance (ESG) ratings on the basis of reported information and proprietary questionnaires.

Despite the numerous frameworks and reporting schemes, most SB teams with some maturity have a good understanding of various standards and certain key metrics; they become the instructors. "We educated our HR department on capital market expectations regarding reliable nonfinancial indicators on employee engagement and satisfaction," said Julia Zicke, head of corporate external reporting at SAP.

Nevertheless, sustainability and integrated reporting guidelines use much of the same terminology, such as "value," "materiality," and "capital" as mainstream financial reporting, but with different meanings, interpretations, or implications. Overall, these initial conversations appear to be an important step on the integrated enterprise pathway.

TABLE 1: MAJOR SUSTAINABILITY AND INTEGRATED REPORTING FRAMEWORKS AND STANDARDS

	ORGANIZATION	YEAR IMPLEMENTED	LOCATION	METHOD	PRIMARY TARGET USER
GRI	Global Reporting Initiative	1997	Amsterdam, Netherlands	Issues standards for external reporting.	Multi-stakeholder
CDP	Formerly Carbon Disclosure Project (now formally known by its acronym)	2000	London, United Kingdom	Conducts proprietary surveys in four distinct areas: carbon footprint; water usage; deforestation; and supply chain. Issues ratings based on survey responses.	Investors, policy makers
CDSB	Climate Disclosure Standards Board	2007	London, United Kingdom	Aligns existing disclosure regulations and guidelines. Advocates for the implementation of the TCFD recommendations.	Varied users
IIRC	International Integrated Reporting Council	2010	London, United Kingdom	Promotes its integrated reporting six-capital approach for external reporting.	Investors
SASB	Sustainability Accounting Standards Board	2011	San Francisco, Calif.	Issues standards for external reporting.	Investors
SDG	United Nations Global Compact–Sustainable Development Goals	2015	United Nations (global)	Obtains signatory commitment to the 17 SDGs and annual reporting on progress.	Multi-stakeholder
TCFD	Task Force on Climate-Related Financial Disclosures of the Financial Stability Board	2015	N/A	Issued recommendations on incorporating financial effects of climate change into existing financial disclosures. Ceased in 2018 after achieving stated objective.	Investors

3 IMPROVING THE REPORTING AGENDA

In many cases, initial, collaborative meetings to review the basic landscape spurs the CFO team to take the lead or contribute meaningfully on improving the company's reporting agenda. Beyond an understanding of the different frameworks, the task force aims to adduce the information that investors are currently seeking regarding their sustainable business activities and performance. "Very often, we see that CSR [corporate social responsibility] teams are collecting large amounts of data on the company, but they don't have the training or understanding to connect this data in business terms," said Aila Aho, an experienced green finance banker with Nordea. "The CFO and finance team automatically bring this perspective; this is what they're trained to do."

Metrics that align with the business case

In some cases, the task force reviews the metrics of a particular set of reporting guidelines, such as GRI or SASB, to determine which disclosures are most relevant to their business and the story they want to tell investors and other resource providers. "Our CFO and members of our finance team walked through every GRI reporting indicator to figure out which ones were most applicable to our business and important to consider for disclosure," said Nash. Senior executives on financial reporting teams are leading the interpretation, for example, of the SASB sector guidelines to assess applicability. They seek to understand what the company is reporting on and how they decided to report on certain items. In looking at the SASB metrics, they assessed the information that applying a particular SASB guideline might contribute. Similarly, Cassidy said that Medtronic's CFO serves as executive champion and a member of the company's cross-functional Sustainability Steering Committee. This committee, which includes members from various business teams, including finance, worked collaboratively to identify the SDGs that are most applicable to the company's business.

Overwhelmingly, SB teams report appreciation for the expertise brought by finance to assess their reporting agenda. Ravi Abeywardana, who manages Olam's Finance for Sustainability team, observes that his background in mainstream finance allows him to help the company produce sustainable business metrics that are meaningful. Finance professionals bring valuable insight—challenging the source and reliability of the data and connecting the metrics and reported information to the organization's business case. This leadership connects ESG information to a company's business model and value propositions.

Connecting with investors

Observing a considerable uptick, companies report that they have been receiving an increasing amount of questions from investors regarding sustainable business performance over the last one to two years. This includes direct engagement at road shows. Companies are getting this attention, moreover, not only from socially responsible or ESG investors, but increasingly from the mainstream investment community.

Notable large institutional investors, including Vanguard, BlackRock, State Street, CalPERS, the Government Employees Pension Fund of South Africa, the Japan GPIF, the Netherlands' Stichting Pensioenfonds ABP, Germany's Verka VK Kirchliche Vorsorge VVaG, the National Grid U.K. Pension Scheme, and the Australian Ethical Investment Ltd., all signatories of the UN Principles of Responsible Investment, have voiced a commitment to sustainable business practices and integrated enterprise approaches; several are supporting research and thought leadership on capital for the long term that integrates ESG factors.[3] In fact, one company reported that it cited its ESG progress to engage longer-term investors when short-term financial results were flatter than expectations. The company touted its investment into longer-term sustainable business initiatives to describe quarterly results that seemed stalled in a particular reporting period.

[3] In his message for 2020, BlackRock CEO Larry Fink announced that an investee's reporting and progress on sustainable business issues, particularly climate change, is now part of the company's investment screen.

"The market is noting that companies are increasing their management of investor communications regarding sustainable business issues," Aho said. Basel described, for example, increased direct involvement by GM's SB team, along with the traditional CFO and IR teams, in investor engagement. "As the market demands and analyzes a range of ESG factors to make major investment decisions, our sustainable business team is becoming directly involved in shareholder engagement." Once the CFO team, SB team, and IR work together, they aim to deliver a clear and unified message.

In the decades since the initiation of modern accounting systems in the 1930s, corporate reporting has meant delivering a document to regulators and investors. Today, however, investors and other resource providers can assess how a company is performing on a range of traditional and sustainability-based performance data points through sophisticated proprietary and commercial electronic platforms.

As the market seeks more and better-quality ESG data, raters and investor platform providers led by, for example, MSCI, Bloomberg, Refinitiv, and FTSE4Good, are delivering it. Finance teams that become involved in sustainable business performance information seek to understand these ratings and how their company's data appears on the investor platforms. "We had a detailed review with the finance team on every item in our Sustainalytics and MSCI ESG ratings," said Nash. "We used this information to understand how shareholders and stakeholders view us, so we could optimize our response."

Setting the reporting agenda often means investigating the information that a company's peers are disclosing on sustainable business performance. This peer-to-peer analysis benefits from the expertise of the CFO team, which has the mind-set to extract the data and ask the right questions: "What are our peers reporting on? How do we compare?" "How relevant is this for our business model, the way we generate returns?" This collaborative analysis of the competition is allowing companies, using the task force approach, to understand the types of sustainable business information that investors are comparing among peers.

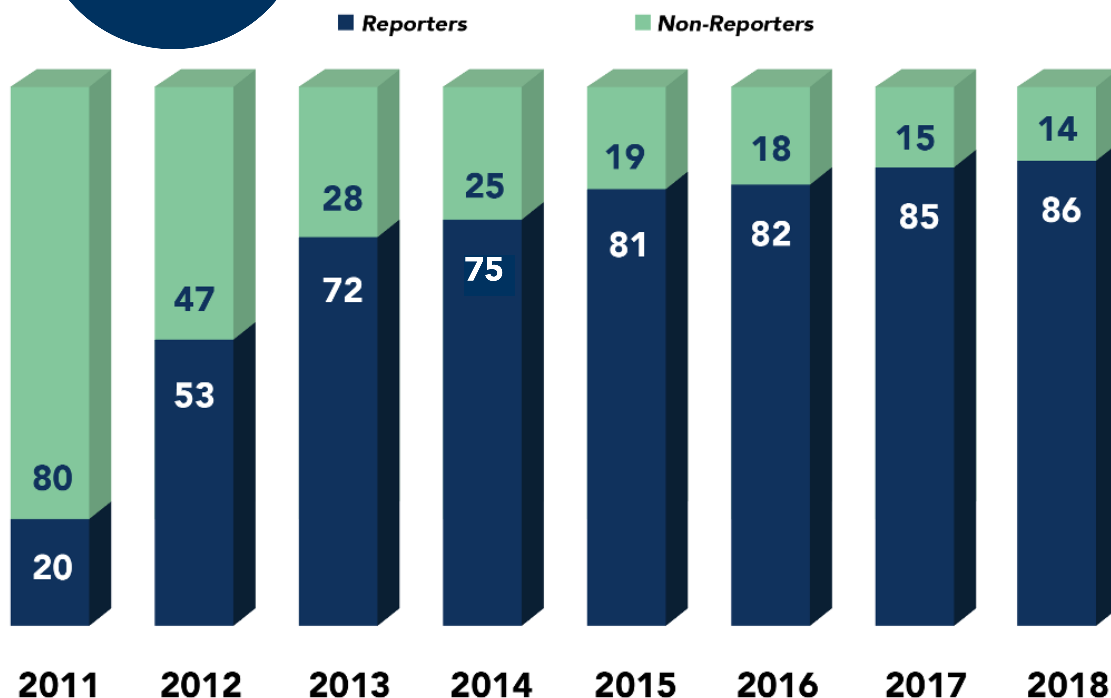
Citing risk of misstatement and legal consequences, historically, companies have been adverse about disclosing new types of information. Others in the finance function, already burdened with compliance, avoid overload with new types of disclosure. Yet today, omitting information that peers are readily disclosing can have consequences. A "not reported" or blank field on a peer-to-peer comparison can result in penalties to a company's ratings. If a company fails to report an item, data aggregators frequently seek alternative information by scraping data from a variety of sources, including news reports, social media, analyst reports, and blogs. ESG analysts may use proprietary algorithms and models to estimate an omitted amount. "We dug

into how the major companies—Bloomberg, MSCI, CDP, Sustainalytics—are reporting on us to understand where they are accessing that information," Nash said. "One example for us is deforestation. We haven't traditionally reported on it, because we do not use or produce any of the key commodities associated with deforestation in reporting to CDP. It is challenging sometimes to decide whether to report on a minor issue to address ESG interest, especially when you consider that you run the risk of making an ESG report element seem more significant to your business than it is. It is a continual process of assessing your gaps and determining where to allocate your time and resources." Finance professionals bring valuable experience, understanding, and clarity as SB teams aim to satisfy diverse expectations for relevant information.

Overseeing the external communications/reporting process

Today, companies are using various means to report sustainable business information externally (see Figure 1). Some are incorporating this information into their statutory reports, such as U.S. Securities & Exchange Commission (SEC) Form 10-K in the U.S. and the Annual Return (Form AR01) in the United Kingdom. More typically, however, companies are issuing their statutory reports and separately providing the market with a sustainability report or an integrated, annual report that combines both mainstream financial results and sustainable business performance. Many companies issue their reports on their companies' websites with portions downloadable by topic, such as climate, environment, human capital resources, or SDG progress.

FIGURE 1: External Sustainability Reporting Goes Mainstream



At companies that are issuing an external integrated report, the CFO team typically oversees the overall process. This is particularly notable in South Africa, where companies listed on the Johannesburg Stock Exchange (JSE) have been required to publish an annual integrated report since 2010. At some companies, such as France-based Schneider Electric (SE), the sustainability team prepares the sustainable business performance data, which is reviewed by the chief sustainability officer, working closely with the CFO team. In doing this, corporate reporting professionals on both the CFO team and SB team collaborate to provide a single, integrated perspective. Susan Robinson, senior director of sustainability and policy at Waste Management, said, "We work closely with our IR, finance, and internal audit teams to make sure that the facts match our 10-K. This makes sure that our external reports deliver an integrated voice, regarding the value of our sustainable business activities." Zicke similarly describes SAP's internal coordination: "Our role in the Integrated Report project team is orchestration and collaboration. We set the frame for our integrated report, the timeline, the processes. We also share our skills—how to get information out of the system, what is required on governance. We share this expertise with the departments involved in the project, including the Sustainability Department." At National Australia Bank (NAB), the integrated report is co-owned by finance and corporate affairs, where the sustainability reporting team sits. Together, this collaboration brings perspective on how the business's use of financial and nonfinancial resources creates returns for its multiple stakeholders.

4 IMPROVING INFORMATION QUALITY

Better systems, internal controls

Several companies observe that CFO teams are applying their skills to improve the quality and relevancy of sustainable business information. Alison Davies, a management accountant and former deputy company secretary and head of risk at South Africa-based Woolworths Holdings Ltd., said, "Once the finance people get involved, they are more demanding and don't simply take numbers at face value. Their involvement helps with the realization that the focus is not just on fluffy stuff."

The CFO team provides due diligence over business-relevant information. It asks the right questions, challenges the SB team's work, and ensures the reasonable accuracy of information. "Essentially, when finance got involved, our plan became part of their deliverables," Emling said. "This made our analysis more rigorous, because they really made sure that our numbers were accurate and supported the company's objectives. They bring an auditor's eye." Cooperation results in improved oversight, which enhances the reliability and value of the innovative types of data that the SB teams bring forward. Jennifer Leitsch, vice president of corporate responsibility at CBRE, said, "The finance team brings precision and better information to our disclosures."

"Once the finance people get involved, they are more demanding and don't simply take numbers at face value. Their involvement helps with the realization that the focus is not just on fluffy stuff."

With maturity, this oversight becomes part of the company's regular assessment of information quality. Ben Ellinghaus, measurement and reporting, Corporate Affairs Department at National Australia Bank (NAB), said that his team gets requests from corporate finance every quarter regarding the quality of earnings, which include key nonfinancial metrics, that it evaluates alongside financial data. It has added dashboards with metrics on trust and

reputation, as executives want to know how the bank is acting on the recommendations in the 2019 *Final Report of the Royal Commission*.[4] It is hoped that these informational efforts will foster more comprehensive and holistic corporate governance than past practices and instill credibility with policy makers and other noninvestor stakeholders.

NAB's experience demonstrates that finance brings not only understanding of how a company can improve data quality and reliability, but also the expertise to identify and analyze the data that is most relevant to the business. "Sustainability teams have been very good at gathering quite a bit of data," Aho said. "Of course, not all of it is relevant to the business, and the sustainability team often doesn't have the same perspective or training to understand this relevance. The CFO and corporate finance know how to ask the questions and connect this data to the business, how it makes money, its business model. The finance team brings rigor and relevancy to the CSR team's data." Robinson added: "The finance team adds credibility to our analysis. It helps build credibility in our dialogue with investors." Abeywardana summarized the value of finance professionals regarding the quality of sustainable business performance data: "We're the custodians of quality."

With collaborative understanding, a CFO who becomes more involved in a company's sustainable business propositions can influence the way the company uses its systems and technology and improve the processes that the SB team is using to gather and analyze its data.[5] Zicke said, "We have work streams that are assigned to the employees in the project including corporate financial reporting, investor relations, sustainability, and communications, and others that we assign to the sustainability department, but we work together. Corporate financial reporting supports the design of controls and how to set them up."

Nicola Ross, reporting manager at ABSA Group Ltd., describes the control by the CFO team in issuing the South African bank's integrated report. "Analytical skills of accounting are relevant," she said. "This includes testing and challenging the information collected, tracking progress, and comparing the narrative with the numbers we get. Like our peers and integrated reporting award winners in South Africa, the process tends to be overseen by the CFO, and responsibility for integrated reporting is in the finance department."

CFO engagement can bring the process of gathering data for specific sustainable business metrics into the enterprise resource planning (ERP) and financial accounting systems. Nash said, "When we improved how we communicated with our CFO on sustainable business initiatives, he really helped us examine our governance processes around data collection. We explored how data could be pulled out of financial systems like SAP, discussed where processes could be improved, and confirmed areas where we would continue to seek third-party data validation. The rigor of the finance team has really helped us sharpen our overall approach to the growing data collection required for sustainability reporting."

Adopting an integrated reporting approach encourages more formal oversight of information. Ellinghaus, along with his colleague Shaun Steenkamp, associate director of the Group Accounting Policy Team/Group Finance Department, NAB's Group Financial Governance (part of Group Finance) has a certification process under which senior management attests to the accuracy of both financial and nonfinancial information.

Improving data-gathering processes and internal control effectiveness helps build user confidence in the reports produced and, therefore, supports decision making toward enhanced performance and value.

[4] *Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry,* February 2019, treasury.gov.au/publication/p2019-fsrc-final-report.

[5] See Robert H. Herz, Brad J. Monterio, and Jeffrey C. Thomson, *Leveraging the COSO Internal Control—Integrated Framework to Improve Confidence in Sustainability Performance Data,* IMA, September 2017, www.imanet.org/insights-and-trends/external-reporting-and-disclosure-management/coso-framework-and-sustainability.

External assurance

To improve the quality of external sustainable business and integrated reports, companies with some maturity are obtaining or considering external assurance. "Many investors want the same level of credibility as the financial statements," Leitsch said. Many companies that are cited as leaders for their external sustainability or integrated reporting are obtaining external assurance on varied ESG-related disclosures.[6] For example, Philips obtains high-level external assurance (reasonable assurance) from EY on its environmental profit and loss statement. SE obtains external assurance over about 40 nonfinancial indicators. At SAP, the same audit covers financial and sustainability factors, and the sustainable business team collaborates with the financial reporting team, which oversees the overall audit. NAB reports a similar process of working with EY on assurance. This is overseen by Group Finance, working with the bank's integrated reporting manager.

Even with different levels of maturity, companies are assessing whether to submit select data (that is, portions of their sustainability or integrated reports) for external assurance. Working with external auditors is a regular part of the CFO team's function. As a result, these corporate professionals can provide insight and direction when an organization considers whether to obtain external assurance for its sustainability or integrated report. Regarding external assurance, they have the expertise to ask the right questions: "Do we need it? What should we expect?" Using a collaborative or task force approach, they are guiding SB teams on the aspects of the report that are ripe for external assurance and the portions that are less mature. They can also instruct and direct questions on the level of assurance that is feasible and appropriate for the company's reports. With additional maturity, the CFO team can lead a company's progress in integrating sustainable business reporting into the mainstream annual reports, including oversight of the audit process.

5 DECARBONIZING OPERATIONS

Today, finance professionals are leading or collaborating on assessments of the carbon intensity of their companies' operations, the related risks, and energy alternatives. Materials from the International Renewable Energy Agency (IRENA) help businesses understand the alternative ways it can reduce the carbon intensity of its operations (see Figure 2). Although SB teams often initiate efforts to address greenhouse gas emissions, this process typically benefits from the CFO team's expertise in planning, budgeting, and assessing capital expenditures.

Frédéric Pinglot, group sustainability performance director, reflecting on his work with Amandine Petitdemange, manager of investor relations, both with SE, said, "All that we do to reduce our carbon footprint means an investment in the business, so we need the finance team to evaluate the business case." A CFO's engagement results in a detailed understanding of a company's energy use, such as in its production facilities and data centers. Companies report that CFO attention to greenhouse gas emissions and energy use is resulting in new initiatives on efficiency and related cost reductions. For example, Thomson Reuters's progress toward reducing its carbon footprint has resulted in meaningful company guidelines for reducing travel, even at the executive committee level, and making meetings more efficient. SAP made a similar decision regarding the use of company cars. The ability to quantify and measure what matters allows the CFO team, along with the SB team and operations management, to engage in projects that improve efficiency, diminish greenhouse gas emissions, and reduce costs.

[6] See *The Road Ahead: The KPMG Survey of Corporate Responsibility Reporting 2017*, KPMG, 2017, assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf; Arthur J. Radin, "Assurance Attestation Statements on Sustainability Reports," *The CPA Journal*, July 2019, www.cpajournal.com/2019/07/22/assurance-attestation-statements-on-sustainability-reports/.

FIGURE 2: ALTERNATE METHODS OF DECARBONIZING A BUILDING

1 Unbundled energy attribute certificates (EACs)

A company purchases attribute certificates of renewable energy separately "unbundled" from its electricity. Examples of certificate systems are guarantees of origin (GOs) and renewable energy certificates (RECs).

2 Power Purchase Agreements (PPAs)

A company enters into a contract with an independent power producer, a utility, or a financier and commits to purchasing a specific amount of renewable electricity, or the output from a specific asset, at an agreed price and for an agreed period of time.

3 Renewable energy offerings from utilities or electric suppliers

A company purchases renewable electricity from its utility either through green premium products or through a tailored renewable electricity contract, such as a green tariff program.

4 Power Purchase Agreements (PPAs)

A company invests in its own renewable energy systems, on-site or off-site, to produce electricity primarily for self-consumption.

Source: International Renewable Energy Agency (IRENA), *Corporate Sourcing of Renewables: Market and Industry Trends – REmade Index 2018*, irena.org/-/media/Files/IRENA/Agency/Publication/2018/May/IRENA_Corporate_sourcing_2018.pdf.

Buying carbon offsets

One of the first steps a company can take to reduce its carbon footprint is to purchase carbon offsets. Zicke and James Dymond, investor relations manager at SAP, for example, note that SAP reached 100% renewable energy through a certificate program.

"The wonderful thing about setting a carbon neutral goal is that it puts a price on carbon," said Mark LaCroix, executive vice president of client solutions at Natural Capital Partners, who works with companies to achieve climate goals like carbon neutrality. "This creates immediate business value by setting in motion a set of internal efficiencies combined with external emissions reductions from low-carbon projects around the world. The business can report net zero emissions and share a project's impacts and contributions to the SDGs."

CFO teams can be instrumental in implementing and supporting successful offset programs. Buying carbon offsets requires an understanding of markets and budgeting, the dollars and cents. Evaluating an offset proposal or arrangement requires access and an understanding of the required data within the organization to measure

emissions accurately. The finance team can then use this information to help identify opportunities for cost reduction within the organization, simultaneously reducing emissions.

"When we decided to make meaningful reductions in our carbon footprint, we began with carbon offsets," Emling said of Thomas Reuters's initiative. "Purchasing certificates, however, required a budget larger than just the funding of our corporate responsibility team. This is when the finance team got involved." Stephane Bello, executive vice president and CFO of Thomson Reuters, said that from his perspective, buying offset certificates was "not a high-dollar program, in the end." In fact, he said, the offset program brought rewards in an unexpected way: employee engagement. "Our employees told us that they liked the program, and they wanted us to do more. We purchased energy from sources around the world that were meaningful to our employees. They could point to places on the map where we had our sourced energy from wind farms in their communities."

Power purchase agreements

Power purchase agreements are another means of reducing a company's emissions toward carbon neutral. They are long-term power contracts for renewable energy. Companies with large production facilities, such as GM, Nestlé, Philips, and SE, are using these arrangements to procure renewable energy.

Generally, a large electricity buyer, such as a manufacturer (known as the offtaker), executes an agreement with a power company for renewable electricity at an agreed-upon price and term. Conceptually, the user becomes a producer or deliverer of power. Under some of these arrangements, for example, the user installs a renewable energy system, such as solar panels. The cost-benefit and operability of these contracts depends on the company's energy use and production, and the price of energy, which fluctuates based on the market. These details may vary in different countries.

At these companies, assessing these multiple-year contracts has required the CFO team's expertise. Members of the team have the skills and insight to evaluate and demonstrate whether these arrangements are worthwhile. In addition, the CFO team uses this understanding to apply either IFRS or U.S. Generally Accepted Accounting Principles (GAAP) to report these contracts properly in the financial statements.

Capital projects for decarbonization

Finance is proving instrumental in strategic decision making on long-term investments that reduce greenhouse gas emissions and energy use.[7]

With the help of finance, companies are incorporating decarbonization to their capital budgeting decisions for increasingly larger projects. Companies report that they are using carbon footprint and energy management capabilities to affect, for example, facilities retooling and design, transportation decisions, and real estate transactions. Robinson described the integrated enterprise approach that Waste Management used for a long-term strategic decision to move its entire truck fleet from diesel fuel to natural gas. This required a comprehensive net investment analysis, including nonfinancial information on energy usage and carbon footprint metrics.

Nestlé and Woolworths similarly describe evaluating project returns on investment in solar panels. Davies described the CFO team's mind-set at Woolworths: "If we invest in solar panels, what return do we get? As we accomplish this well, over time, it [allows us to] drive projects with even higher returns." Pinglot and Petitdemange similarly described their work around renewables as aligning strongly with SE's integrated strategy. The assessment of returns on these sustainable business investments are robust and reliable when the CFO team applies its know-how. Sustainability capital budgeting becomes part of corporate capital budgeting under a sustainability lens.

[7] See Accounting for Sustainability (A4S) CFO Leadership Network, *CAPEX: A practical guide to embedding sustainability into capital investment appraisal*, 2019, www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/A4S%20Capex.pdf.downloadasset.pdf.

6 MEASURING THE VALUE OF HUMAN CAPITAL RESOURCES

Companies are identifying, calculating, and monitoring human resource indicators as part of their sustainable business and integrated enterprise measurements. At these companies, typically, the SB team and HR drive the process of identifying indicators, gathering the appropriate data, and reporting relevant performance information externally. Attentive CFOs are becoming involved in this process. Companies report that their CFO, along with HR, plays a prominent role in implementing processes that integrate HR data into their systems that feed internal analysis and external reports.

With maturity, some leading companies like SE and SAP are taking this a step further. For example, Pinglot and Petitdemange said that SE measures employee engagement and calculates return on employee investment. These may appear to be HR questions, but in their view, they are also budget questions, such as, "How do we compute employee expenses, such as training, as an investment?"

SAP has developed a comprehensive Business Health Culture Index, and it releases the results of this assessment publicly. SAP's CFO team, along with its SB team and HR, works with outside consultants to monetize the results of its annual Employee Health Connectivity project, which translates human capital resource metrics to performance. Although its SB team leads this effort, the larger integrated reporting team, which includes the CFO, validates the information. SAP's overall strategy rests on reinforcing employee engagement, so HR-based metrics become instrumental in assessing progress. These companies are acting on the concept of employee talents as valuable resources. The CFO team is helping to drive the information and analysis to connect HR-based metrics to overall business strategy and performance.

7 IMPROVING SUPPLY CHAIN OVERSIGHT

Today, sustainable business performance frequently depends on supply chain transparency. In some cases, new laws, such as the SEC's conflict mineral rules and the United Kingdom's Modern Slavery Act, drive a company's need to obtain reliable supply chain data. Companies, however, face significant challenges in obtaining ESG information from their suppliers.

As a company seeks to integrate sustainable business practices, it can add new factors to its supply chain oversight. For example, Robinson described the current priority of looking "across our supply chain for opportunities to dig deeper into the numbers we're getting on sustainability. We want to request the right information about what we buy through our procurement processes. This will help us evolve toward best practices throughout our value chain." Although the use of supplier audits is mainstream at many companies, finance professionals, including internal audit, now are working with SB teams to expand the process to improve data quality in several areas, such as greenhouse gas emissions, water usage, waste management, rainforest protection, health and safety, labor standards, human rights, and modern slavery.

"[We're looking] across our supply chain for opportunities to dig deeper into the numbers we're getting on sustainability. We want to request the right information about what we buy through our procurement processes. This will help us evolve toward best practices throughout our value chain."

8 RISK MANAGEMENT: CLIMATE AND OTHER MATERIAL ESG RISKS

Applying ERM to climate risk

Today, many companies are looking to their risk management teams to help assess financial risks related to climate change as well as a broad range of other sustainable business risks. At many organizations, risk management professionals, applying the Committee of Sponsoring Organizations of the Treadway Commission (COSO) enterprise risk framework (ERM), report directly to the CFO or work closely with the finance department.

As part of a risk management strategy, companies routinely assess the likelihood and cost of business interruption. These risks include obtaining necessary inputs from suppliers. As climate change affects the severity and frequency of weather events, companies are considering the risk of business interruption over longer, multiyear periods and specifically with an eye toward the particular risks in the geographical locations that they operate.

A comprehensive assessment includes risks to employee safety and access to energy, clean water, and agricultural inputs. It also includes the costs of mitigating risks in current operations, such as moving data centers. These trends are driving more companies to consider their own fossil fuel dependency and strategic plans.

At the portfolio level, financial services entities are aiming to assess these risks and the market's appetite for exposure to sustainability-related factors, including hydrocarbon dependency. "Serious players in the market know they have to get the hydrocarbon risk out of their investment portfolios. Today, it's understood that this is not just a matter of whether it needs to happen but estimating the timing," Aho said. "Nobody wants to be the last one holding brown assets." Evaluating various risks along the value chain requires good data, which is particularly critical to financial institutions. Considering her bank's clients, Ross said, "Measuring our own carbon emissions footprint, including employee travel and real estate, is relatively easy. … [On the other hand,] understanding our clients' footprints is complex. We are in the early stages of designing an approach."

In summary, companies report that given the increased market focus and demand for information, they are taking steps to understand and adopt the TCFD recommendations for external disclosure. This includes assessing the types of climate-related risks raised by the TCFD recommendations. In order to assess climate change scenarios and provide this information externally to the market, companies' risk management teams are innovating on how to apply the COSO principles to assess these exposures with confidence.

Assessing other ESG risks

Companies are also adding a variety of ESG-related factors other than climate change to their risk management priorities.[8] "We include ESG in our enterprise risks and look at risk factors that overlap in both ESG and traditional risk management," Cassidy said. As with other sustainable business information, companies benefit by identifying these risks based on a collaborative approach. At SAP, for example, finance identifies risks regarding suppliers, and HR is involved in identifying employee-related risks. These processes become a point of convergence between mainstream finance professionals and SB teams as they consider previously unidentified exposures to their operations and initiate innovation toward strategic alternatives.

9 OPERATIONS, STRATEGY, AND PLANNING

Connecting ESG to operations, performance, and compensation

Leading companies in the area of sustainable business are adding various types of ESG data to their mainstream financial planning and

[8] See COSO and World Business Council for Sustainable Development, *Enterprise Risk Management: Applying enterprise risk management to environmental, social and governance-related risks*, 2018, www.wbcsd.org/Programs/Redefining-Value/Business-Decision-Making/Enterprise-Risk-Management/Resources/Applying-Enterprise-Risk-Management-to-Environmental-Social-and-Governance-related-Risks.

analysis (FP&A) platforms. Delwin Witthöft, chief accounting officer at Philips, said that the company collects sustainability data for monthly analysis on the group performance dashboard prepared by FP&A. This internal information feeds performance assessments on an integrated basis and connects with the company's compensation scheme. Similarly, SAP uses data gathered from its internal customer relationship index and employee engagement index in managers' ongoing performance evaluations, which directly affect compensation.

With maturity, companies rely on their CFO team's expertise to assess integrated enterprise projects that link sustainable business factors to financial metrics. Assessing this data and understanding the operational implications requires true cooperation. Aho said, "Sustainability teams often collect data directly from operations, and it is often quantified in nonmonetary terms, such as tonnes. However, many users of the information would like to see monetary metrics that allow comparison between different operations and technologies and help to evaluate financial materiality. Assessment of correct and meaningful reporting metrics should, therefore, be a joint effort that leads to new tools for target setting."

These operational assessments are not limited to carbon pricing. For example, Davies describes projects that address packaging, shipping (air vs. sea), pollution-reduction activities, and the use of organic vs. nonorganic cotton in clothing. Witthöft similarly said that Philips's FP&A team works with its sustainability team on projects relating to green electricity, plastics recycling, and used equipment returns. At these companies, the CFO team oversees the data and financial planning for these initiatives to help determine the return on investment.[9] That is, the CFO team does not necessarily drive the projects, but it is bringing insight to the numbers and logistics.

Business model, recycled materials, and waste reduction

With an innovative and entrepreneurial mindset, some companies are making sustainable business part of their DNA, that is, their entire operational focus. These business models, moreover, are not limited to the largest global companies and can represent a competitive advantage for small to medium-sized companies. For example, Trex Company produces decking materials, made from recycled plastics and reclaimed wood fiber, primarily for the consumer market. Its primary operations, therefore, produce a product with a lower carbon footprint and fewer pollutants and toxic by-products.

In addition, Deborah Wilson, financial reporting manager at Trex, described sustainable business practices as fundamental to both its products and its operational processes, highlighting the company's closed-loop water system that is saving the company millions of gallons of water each year.

[9] Several companies report that they look to outside consultants to help them fully assess the details and expected returns from implementing sustainable business projects. This may include researchers at leading business schools. For example, the NYU Stern Center for Sustainable Business has developed a Return on Sustainability Investment (ROSI™) methodology to help demonstrate the strategic and financial gains from sustainable business initiatives.

Mergers and acquisitions

A few leading companies report that their CFOs and finance teams are using sustainable business information to assess mergers and acquisitions (M&A) targets. In making these acquisition and divestment decisions, they are evaluating not only financial performance but also the target's sustainable business performance data, such as carbon intensity, water use, chemicals, and waste, as well as relationship assets such as employee engagement, customer loyalty, and reputation. If an otherwise desirable acquisition is falling short by the acquirer's standards, a buyer may initiate new policies to bring it in line with its values, strategy, and sustainable business practices.

Beyond assessment of specific targets' operations, integrated thinking is also influencing longer-term, strategic directions. For example, Nestlé considered customer preferences, principally attributed to environmental and health concerns, in its decision to redeploy investment from meat-based operations to plant-based offerings. Integrated enterprise thinking is influencing CFO team analysis of the bigger picture: What business should we be in? What is our company's purpose?

ESG-linked financing

In the U.S., equity markets tend to be a key driver for ESG. Globally, bank financing is driving additional change.

A recent trend is sustainability-linked financing, also referred to as "ESG-linked financing" or "positive incentive loans." These loans link financing costs to a borrower's sustainability ratings (from, for example, Sustainalytics or Vigeo Eiris) or specific metrics, such as carbon emissions or SDG impact. For example, in January 2019, the financial press reported that Solvay executed a €2 billion revolving positive-incentive credit facility linked to the company's reduction of greenhouse gas emissions. Similarly, in July 2019, business journals described the execution of a $2.1 billion sustainability-lined loan by COFCO, China's largest food and agricultural company. Under this core financing facility, interest costs are reduced if the company meets specified sustainability targets, primarily the purchase of sustainably raised soybeans. Executing and monitoring these substantial loans require the direct involvement of the CFO and corporate finance teams, particularly treasury.

From the perspective of financial services companies, these innovative financial products require finance involvement to understand the transaction details and determine the financial reporting affects. As Steenkamp said, "For new products, such as green loans and social bonds, our management accountants determine the impact of special provisions on NAB's financial statements. Here, a finance partner and financial accountant from Group Accounting Policy (GAP) will usually be consulted on the accounting treatment. This often evolves into some rudimentary advice on how customers would account for it, too, but we always instruct them to obtain their own independent advice. During the product-design phase, an accountant from GAP will provide opinions on the accounting outcomes and offer ideas on product design to help prevent unintended consequences."

10 CONNECTING SUSTAINABLE BUSINESS PERFORMANCE MEASUREMENTS TO VALUE

Measuring the effects of sustainable business activities on the company

Corporate professionals on both finance and SB teams, at every level, aspire for better tools that connect sustainable business or integrated enterprise approaches to value. Leitsch summarized this goal, for example, as "understanding the SASB metrics and how they can contribute to an understanding of our business and how we're operating." Similarly, senior finance team members report that they want to understand how this connects to performance and value, i.e., what the numbers mean financially.

Finance at companies that are making less progress on sustainable business and integrated enterprise initiatives seek more concrete proof of the financial benefits of sustainable business activities and external reporting. As a practical matter, developing these tools appears to be critical to a range of corporate, market, academic, and policy maker participants.

Nevertheless, on the ground, insight from these corporate professionals indicates that reliable measurements may create buy-in with reluctant finance professionals for action. For example, Russell Golden, chair of the U.S.-based Financial Accounting Standards Board (FASB), commented on research that connects human capital metrics to performance. He noted that it would be very helpful to have materials that delve into the idea of future value creation and destruction, including how these connect to historical data. Corroborating the direct connections between sustainable business performance and financial performance are nascent practices that require attention and development. Yet demonstrating these connections appears to be the strongest of anticipated drivers for future development (see the Appendix). Measuring the relationship between sustainable business activities, via targeted indicators, with performance and long-term value, is a priority for business leaders, academics, and practitioners.

Measuring the effects of the company on the larger world

Although there is demand for better information regarding ESG issues on individual companies, there appears to be lagging interest in "impact valuation," attempts to quantify the effects of an organization's activities on the larger world. In interviews, only one company reported that the CFO team is undertaking steps to identify and quantify these broader external impacts.

This overall view of impact assessment, however, excludes general interest in the SDGs. As noted, companies are assessing the 17 SDGs to identify the goal or goals that are most applicable to their businesses and how to report on annual progress. Yet other than considering a company's larger external reporting agenda, this activity continues to appear largely within the SB unit with limited input by finance.

As with other areas of sustainable business practices, this may develop as new assessments, indices, and ratings are launched to provide information to investors and other stakeholders. For example, the French bank BNP Paribas has undertaken the issuance of structured products based on the new Germany-based Solactive Sustainable Development Goals World Index, which provides information about companies identified as making a significant contribution to the SDGs. Evolving from current measurement and reporting on sustainable business factors will likely become part of the CFO team's oversight. •

SUMMARY AND STEPS FORWARD: THOUGHT LEADERSHIP AND EDUCATION

Overall, the information and insights provided by the series of interviews with corporate professionals indicate that responding to new demands for integrating sustainable business works best using a collaborative approach. Although sustainable business or CSR developed as a largely separate discipline, partnering between finance and SB teams brings tremendous value. The board and C-suite establish the company's purpose and values, and the CFO takes a leadership role by instituting structures for collaboration. Finance's expertise brings a targeted approach to measurement and analysis of data and improvement to processes. In this role, finance serves as a true business partner helping the organization set strategy, assess risks, and innovate for the long term.

Finance and accounting professionals are seeking targeted and comprehensible information that allows them to meet both internal and external stakeholder expectations. With respect to external reporting, there is an expectation that mainstream investors and stakeholders will increasingly demand relevant sustainability reports of improved quality, and this reporting will continue to find points of convergence with mainstream corporate reporting. For example, the European Union is continually evaluating its nonfinancial reporting mandate, and the International Accounting Standards Board (IASB) is expected to seek stakeholder input on its guidance regarding management reports in mid-2020.

From an internal planning perspective, finance teams are leading the effort to evaluate the evidence that connects various sustainable business activities, communicated through relevant metrics and indicators, with intangible resources, performance, and value over the long term, and this will become instrumental for risk management and innovation. Through the various topics raised in this paper, the profession can target future thought leadership and dialogue among its members, constituents, and the broader market. This evolution has profound effects on how the profession will train and support corporate finance professionals and the scholars who will join them in the future.

Some organizations are offering training on certain sustainability reporting topics as optional training. Others are incorporating related topics, such as vision and strategy, into the onboarding of new senior hires or new manager training. Nevertheless, corporate professionals (along with those who advise them) are expressing the need for more training in the area of sustainable business, integrated reporting, and integrated enterprise approaches. "This is not just about numbers, but rather interpretation and strategic education of accountants on the purpose and value of integrated planning, systems, and disclosures," said Margie Gie, manager of strategy and business development at Woolworths. Similarly, Petitdemange summed up how IMA® (Institute of Management Accountants) and other professional organizations can help develop management accountants:

"Management accountants need to have an understanding of the topics and related standards and frameworks. We need to develop best practices. We need to understand these new organizations that are involved and what rating agencies are expecting from us today. We need to understand what has become mandatory under regulations as they continue to change in response to demand by resource providers. We need to understand and develop not only the right metrics but also qualitative information."

Taking on leadership responsibilities requires the ability to gather decision-useful information across different disciplines, including the terminology and concepts around sustainable business and fostering an integrated enterprise. Providing the appropriate educational materials and platforms for developing best practices will enable finance professionals in business to assume the leading role of CFO as value creator. •

For more information, please visit **imanet.org/thought_leadership**.

APPENDIX: Numerous academic and industry studies are demonstrating the link between sustainable business and performance, including the reports listed here:

STUDY	AUTHORS	SUMMARY	REFERENCE
"The Impact of Corporate Sustainability on Organizational Processes and Performance"	Robert G. Eccles, Ioannis Ioannou, and George Serafeim	Companies that develop organizational processes to measure ESG issues outperformed the control group over the subsequent 18 years.	*Management Science*, February 2014, pp. 2, 835–2,857
The Death of Dirty Investing	Johan Trocmé and Kristina Kruse, Nordea Markets	Between 2012 and 2015, companies with the highest ESG ratings outperformed low-scoring companies by 40%.	Nordea on Your Mind, Nordea Markets, Corporate Research Report, 2017
"ESG Matters - US: 10 reasons you should care about ESG"	Bank of America Merrill Lynch	• Stocks that rank well on ESG metrics outperformed the market by up to three percentage points per year over the last five years. • Companies with poor environmental and social scores represent 90% of bankruptcies (S&P 500) between 2005 and 2015. • The cost of debt for "good" vs. "bad" companies based on ESG scores can be nearly two full percentage points lower.	2019, www.bofaml.com/content/dam/boamlimages/documents/articles/ID19_1119/esg_matters.pdf
"Five ways that ESG creates value"	Witold Henisz, Tim Koller, and Robin Nuttall	A strong ESG proposition reduces costs and improves top-line growth, productivity, asset and investment optimization, and regulatory and policy maker interactions.	*McKinsey Quarterly*, November 2019, www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value
Project ROI Report: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability	Steve Rochlin, Richard Bliss, Stephen Jordan, and Cheryl Yaffe Kiser	Multiple findings, including: • Increased market value by 4%-6%. • Reduced cost of equity by 1%. • Reduced share price volatility by 2%-10%.	IO Sustainability, Lewis Institute for Social Innovation at Babson College, 2015
Total Societal Impact: A New Lens for Strategy	Douglas Beal, Robert Eccles, Gerry Hansell, Rich Lesser, Shalini Unnikrishnan, Wendy Woods, and David Young	Top performers on specific ESG topics yielded valuation multiples 3%-19% higher than median performers.	The Boston Consulting Group, 2017, media-publications.bcg.com/BCG-Total-Societal-Impact-Oct-2017.pdf
"The Economic Consequences Associated with Integrated Report Quality: Capital Markets and Real Effects"	Mary E. Barth, Steven F. Cahan, Li Chen, and Elmar R. Venter	Integrated report quality is positively associated with firm value as a result of enhanced market liquidity and an increase in expected future cash flows.	*Accounting, Organizations and Society*, October 2017, pp. 43-64