

SUMMIT 2016 Event report





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A4S Summit **Risk, Opportunity and** Innovation

About the Summit

The Summit brought together global CFOs, investors and other leaders from the finance and accounting community to explore how organizations can adopt innovative approaches and exploit opportunities arising from major social and environmental trends. whilst effectively managing risks.





HRH THE PRINCE OF WALES'S **KEYNOTE SPEECH**

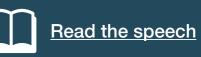
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It is not necessarily a choice between making money on the one hand and 'doing the right thing' on the other. On the contrary, once it is recognized that 'business as usual' is unsustainable it follows naturally that those organizations which start to develop resilient business models will be the ones that succeed. HRH The Prince of Wales

A4S Summit **Risk, Opportunity and** Innovation

HRH The Prince of Wales

established A4S in 2004 to convene senior leaders from across the finance world - in business, the capital markets, governments, regulators and education – to inspire action to drive a fundamental shift towards resilient business models and a sustainable economy.





Watch the video



See the pictures

SUMMIT OPENING SESSION WITH MARK CARNEY AND EMMA HOWARD BOYD

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An obstacle to a smooth adjustment to a low carbon future has been the absence of information to help make a market in climate-related financial risk. This magnifies the financial stability risks associated with a potentially sudden reassessment of climate-related risks.

So I was pleased to join the experts gathered at the Accounting for Sustainability Summit to talk about the work of the private-sector Task Force on Climate-related Financial Disclosures. The Task Force, convened by the Financial Stability Board and chaired by Michael Bloomberg, is due to issue disclosure recommendations for public consultation by year-end.

At the Summit, we also discussed how, with better information as a foundation, there was opportunity to facilitate the growth of a cross-border green bond market, which could finance a low carbon transition while raising global investment and spurring growth.

Mark Carney, Governor, Bank of England and Chair, Financial Stability Board

A4S Summit Opening Session 16th November 2016

In conversation

Mark Carney, Governor, Bank of England took part in an 'in conversation' session with Emma Howard Boyd, Chair, Environment Agency and Environment Agency Pension Fund. This session was off the record and was followed by questions from the audience.

The event was kindly supported by ICAEW and was hosted at Chartered Accountants Hall.







Forum Panel Debate

Before the Summit, delegates were surveyed, at which point only 48% agreed with the above statement

The statement:

We have all the knowledge needed for a sustainable future. We just need to act upon it.,,

There was a clear message from the debate that whether or not we have all the knowledge needed, we can and must act on what we have



The vast majority of the Forum voted in agreement with the statement A4S Summit Forum 17th November 2016

Panel debate

The selection of speakers debated the need for knowledge and action. At the end of the debate, a series of questions were asked from the floor.

Speakers

Jessica Fries, A4S Liz Barber, Kelda Group Judith Batchelar, Sainsbury's Steve Roder, Manulife Mark Walker, Univest





CHIEF FINANCIAL OFFICER AND CAPITAL MARKETS ROUNDTABLES

Discussion highlights:

1 Finance culture: Creating a culture that inspires the whole finance team to support the organization's strategic priorities around environmental and social opportunity and risk is key to success. CFOs at the Summit shared stories of what triggered their interest both personally and professionally, and explored the challenges faced to get their whole team on board. A preview of the A4S CFO Leadership Network's finance culture project was shared, including the first in a series of videos to highlight the positive impact that finance professionals can have through their day to day actions.

2 Strategic planning, budget, forecasting and integrated management reporting: Participants explored ways to integrate social and environmental considerations into the standard strategic planning, budgeting, forecasting and management reporting cycle. CFO Leadership Network members shared practical examples and lessons learned which will be set out in the forthcoming A4S Essential Guides covering these topics.

3 Accounting for Natural, Social and Human Capital: Emerging practices in "capitals accounting" were discussed by the CFOs with the opportunities and risks of these new approaches being highlighted alongside the challenges of implementation within standard financial processes. Worked examples were shared by members of the CFO Leadership Network. There was agreement that knowledge sharing and collaboration to refine and enhance thinking is key. The upcoming A4S Essential Guide on Social and Human Capital Accounting will help to address this need.

Climate change and transition pathways: CFOs, asset managers and asset owners discussed the use of the Transition Pathway Initiative tool. The tool will be launched in early 2017 and underpins an approach being adopted by asset owners with over £400 billion assets under management to assess climate-related risk in their portfolio. Insights provided will enable integration into asset allocation decisions and support conversations between asset owners, asset managers and companies regarding their vulnerability to risk. Many CFOs reinforced the need for asset managers and companies to be prepared for an increased level of scrutiny on the credibility of their climate action, consistent with a two degree scenario. Those participating in the discussion saw the tool as a useful way to engage with their own supply chain.



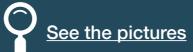
CFO roundtable

CFOs met to discuss:

- Finance culture
- Integrating sustainability within finance function decision making
- Commitments to action (see next page)

Investor roundtable

CFOs and the Capital Markets community came to St. James's Palace to explore approaches being developed to mitigate climate change.





"The event

gave all of

us there a

lot to think

about, and

good positive

momentum"

- CFO

"A4S has been successful in helping to put this very important issue on everyone's agenda" - CEO

"... the more the investment community can endorse good behaviour and reward companies that set good examples, the more that we can change industries, sectors, and the overall finance community to address and manage long term risks and opportunities" - Managing Director



"I have come away brimming with ideas" - CFO

CHIEF FINANCIAL OFFICER **COMMITMENTS**

219 commitments were made during the Summit

Outreach

- Share A4S materials with your team and your peers
- Write an article on the A4S Summit to include in your internal communications or industry magazine
- Use A4S materials at an external speaking event
- Engage with your professional body and/or business school to encourage the integration of sustainability into finance and accounting teaching and research
- Contribute to A4S communications, for example, writing a blog, doing an interview or developing a case study on the role of finance and sustainability
- Enter the Finance for the Future Awards

Project activities

- Get involved in A4S projects
- Assess organizational maturity against one or more of the A4S guides and provide feedback

Implementation within your organization

- Implement actions from one of the A4S guides to progress along the maturity map
- Share experience on implementation: what works / key challenges / where is more quidance needed
- Incorporate A4S guidance into your annual finance team academy, away day or other finance meetings

A4S Summit 17th November 2016

CFO commitments

CFOs were given commitment cards to agree the actions they will be taking following the Summit.



Find out more about the A4S CFO Leadership Network



Share your commitment to action



ALL NETWORKS MEETING

The all networks meeting was a unique moment in the year when project team members from the CFO Leadership Network and representatives from across the Accounting Bodies Network came together to discuss embedding sustainabilit into practice.

> The ABN will work to embed sustainability into training and education

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of the world's represented by the Accounting Bodie Network (ABN)

Both Networks committed to support the launch of the 2017 CFO Leadership Network Guides

JNTING BODIES



A4S Summit 16th November 2016

CFO Leadership Network

The Network brings together a group of leading CFOs from large businesses seeking to embed the management of environmental and social issues into business processes and strategy. The Network focuses on delivering tangible outcomes. Finance professionals from their organizations undertake a range of projects to develop practical guidance on specific areas of financial decision makina.

The Accounting Bodies Network (ABN)

The ABN is a group of accounting bodies from across the globe, brought together to help achieve a common approach to accounting for sustainability.



Find out more about the A4S CFO Leadership Network

> Find out more about the ABN

EVENT SURVEY **RESULTS**

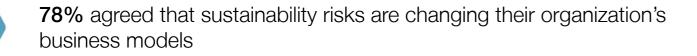


67% of participants at the Summit said their organization only planned for risk 1-5 years in advance

70% saw a need for culture change within their organizations for sustainability to become embedded



89% thought that it would have been valuable to have learnt more about sustainability during education or professional training



77% thought the opportunities of embedding sustainability outweigh the costs

A4S Summit Survey

Participants saw a need for culture change within their organizations for sustainability to become embedded. The A4S CFO Leadership Network is now working on a Finance Culture project.

A need for better education and training was expressed. A4S's Accounting Bodies Network have committed to take action within training and professional education and agreed plans to take this work forward over the coming year.

Despite these barriers, delegates underlined that change is afoot - agreeing that sustainability risks are changing their organization's business models, and the opportunities of sustainability outweighed potential costs.





MESSAGE FROM LIZ BARBER, GROUP DIRECTOR OF FINANCE AND REGULATION, KELDA GROUP (YORKSHIRE WATER)

I found the 2016 Summit to be the most inspiring yet!

I was delighted to see and hear clear signs of maturity in the approaches being adopted by CFOs and their teams, with a range of examples **demonstrating the transition from concepts and pilot studies into systemic, practical application that will deliver substantial environmental and social benefits**. I found it valuable to share our latest work at Yorkshire Water and receive feedback and support, which will help in our drive to publish our first Total Impact Assessment and embed a Natural and Social Capital Assessment in our decision making processes.

Through the application of these techniques we are gaining fresh insight into our impacts and dependencies, for example recognizing that while we have been successfully enhancing our water services and protecting the water environment, this has been at the expense of the atmospheric environment and carbon emissions. While continually reducing our carbon emissions each year (i.e. an improving "P&L Account"), we need to go even further if we are to start reversing the legacy of emissions released over the decades of water infrastructure development.

I was pleased to see an expanding community of engaged CFOs, with new organizations joining the Summit, including some who are just starting their journey to understand these concepts and broaden their consideration of the threats and opportunities facing their organizations. I'll support the continued expansion of the sustainable accounting community by further developing the new Yorkshire regional CFO Circle of Practice which I launched earlier in 2016. It was great to welcome some of these organizations to the A4S community at this year's Summit. Only by working together and learning from each other will we achieve our goals for a sustainable future.

A4S Summit

Liz Barber

Liz is the Group Director of Finance and Regulation, at Kelda Group (Yorkshire Water), a large water utilities company in the North of England. Liz is also the co-chair of A4S's CFO Leadership Network.

Find out more about the A4S CFO Leadership Network





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The Prince's Accounting for Sustainability Project (A4S)



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