

*‘Inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy’*

# ABOUT A4S

The Prince’s Accounting for Sustainability Project was 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”.

## A4S’S AIMS

1. **Inspire finance leaders** to adopt sustainable and resilient business models
2. **Transform financial decision making** to enable an integrated approach, reflective of the opportunities and risks posed by environmental and social issues
3. **Scale up action** across the global finance and accounting community

## Communities we work with



### Chief Financial Officers and finance teams

Inspire finance leaders to integrate economic, environmental and social matters to enhance decision making.



### Governments, regulators and policy makers

Facilitate the creation of an enabling environment for sustainability which is underpinned by supportive regulatory and reporting regimes.



### Global accounting community

Scale up the dissemination and adoption of best practice through engagement, thought leadership, and integration into training and professional development.



### Business schools and academia

Collaborate with business schools and universities to integrate sustainability into finance and accounting research and education.



### Investors, capital markets and the wider finance community

Influence the integration of environmental, social and governance factors into investment decision making along the whole investment chain.

## Contact us

[accountingforsustainability@royal.gsx.gov.uk](mailto:accountingforsustainability@royal.gsx.gov.uk)

[www.accountingforsustainability.org](http://www.accountingforsustainability.org)



ACCOUNTING FOR  
SUSTAINABILITY

*Part of The Prince of Wales’s Charitable Foundation*

FUTURE-PROOFING  
FINANCIAL  
DECISION MAKING





*“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.”*

HRH The Prince of Wales



## A4S ESSENTIAL GUIDE SERIES

Organizations today must navigate an increasingly complex, interconnected, and constantly evolving world. Sustainability factors affecting society, the environment, and the wider economy are generating bigger opportunities and risks. Our CFO Leadership Network has produced a set of essential guides to help organizations embed social and environmental considerations into their strategy, culture and processes. They are developed by finance teams for finance teams, but will also be of interest to others seeking to understand current approaches for integrating sustainability into financial practices and decision making.



### Lead the way

Developing a strategic response to macro sustainability trends



Managing future uncertainty



Finance culture\*

- Do you understand and have a strategy in place to respond to the macro sustainability trends impacting your organization?
- Does the culture within your finance function support the delivery of strategic sustainability objectives?



### Transform your decisions

Integrating material sustainability factors into decision making



Strategic planning, budgeting and forecasting\*



Integrated management reporting\*



Capex



Discounting\*

- To what extent do your standard financial processes, from strategic planning through to capital investment appraisals, respond to and integrate major environmental and social trends?
- Do your Board and management have the right information to assess performance against material sustainability risks and opportunities?



### Measure what matters

Developing measurement and valuation tools



Natural capital accounting



Social and human capital accounting\*

- How do you identify, measure and value material impacts and dependencies on the environment, society and people?
- To what extent is this analysis used within decision making?



### Access finance

Engaging with finance providers on the drivers of sustainable value



Enhancing investor engagement



Debt finance

- Do your investor communications allow you to talk convincingly with, and respond to, investors on key environmental and social trends impacting your organization?
- Are you able to attract investors who focus on long term returns?

\* Available in 2017

## MACRO TRENDS

- By 2030, approximately **US\$90 trillion** in additional infrastructure capacity will be needed globally.<sup>1</sup>
- We need the regenerative capacity of **1.6 Earths** to provide the goods and services we need each year.<sup>2</sup>
- By 2030 we'll need **50%** more energy, **35%** more food and **40%** more water.<sup>3</sup>
- In 2015 extreme weather events were behind **\$27bn** of the world's \$37bn disaster related insured losses.<sup>4</sup>
- To keep below a 2°C global temperature rise and avoid 'dangerous' climate change, only **20%** of total current fossil fuel reserves can be burnt unabated.<sup>5</sup>

## CFO LEADERSHIP

### NETWORK CASE STUDIES

By choosing to invest in natural assets to improve water quality, one of Britain's major water companies delivered a benefit to cost ration of 65:1.

A FTSE 100 company found their human capital to be worth an estimated £3.4 billion in 2014.

By using sustainability criteria to drive design innovations, a multinational utility company achieved up-front costs savings of approximately £3 million for a major capex project.

<sup>1</sup>Driving Sustainable Development through Better Infrastructure: Key Elements of a Transformation Program, Bhattacharya, A., Oppenheim, J., and Stern, N., 2015  
<sup>2</sup>Living planet report, WWF, 2016  
<sup>3</sup>OECD; Dan Hammer, Center for Global Development, March 2014  
<sup>4</sup>Sigma: Natural catastrophes and manmade disasters in 2015, SwissRe, 2016  
<sup>5</sup>Unburnable carbon, Carbon Tracker and Grantham Research Institute, 2013