



MEASURING SUSTAINABILITY TO CREATE VALUE WEBINAR, IN PARTNERSHIP WITH STRATEGIC CFO 360, A CHIEF EXECUTIVE GROUP COMMUNITY.

VIDEO TRANSCRIPT

Dan Bigman: And as we ramp all of that up, I just want to say once again welcome my name is Dan big man i'm the chief content officer for Chief Executive group. Or the publishers of strategic CFO 360 Chief Executive and corporate board member magazines. By now most companies realized that issue metrics are critical for reporting requirements and the SEC club proposed climate rule has further elevated the need for this kind of data and the work that's required to put it together. But it's also critical that this work we linked to creating actual value and many leaders struggle to target manage measure and report on this kind of sustainability performance. So today we're going to explore how accountability for sustainability measurement analytics can be embedded into

your organization to drive reporting and create real value.

And here today to help you prioritize the right sustainability initiatives for your company and also figure out how to best report them it's my pleasure to introduce our panel. Joe Allinson is executive Vice President of finance for an SG at salesforce Joe joined salesforce and August 2003 he served as the chief accounting officer and corporate controller since July 2011. Prior to the expansion of his responsibilities to include the role of Chief accounting officer he served as the company's corporate controller from July 2007 to July 2011 and last September took on a new role executive Vice President finance the SG of salesforce.



Richard Clark is the chief accounting officer and chief transformation Officer of business enablement at Accenture. Richard has extensive financial operations experience, having held executive positions and several ventures business areas. In his current role he guides the development design and implementation of global change initiatives across the company's full infrastructure to enable Accenture's strategy. He works directly with the audit committee of the Accenture board and is measured and as a member of Accenture's global management committee. Before John joining the IRS team Richard was director of finance for two of Accenture's largest business units communications media and technology and resources.

And leading our conversation today we have Vrushali Gaud, who is an internationally recognized expert in SG sustainability field.

Having worked across the globe advising corporations government agencies and mentoring early stage startups she has more than 18 years of experience and post sustainability operations sales consulting and advocacy roles across top tier global organizations.

As a managing director with Accenture she leaves the ESP measurement analytics and performance practice in North America, thank you all for joining us today. It's great to have you before I turn it over a few housekeeping items as always. Please send in your questions throughout the presentation, using the Q and A button at the bottom of your screen avoid the rush that always comes right at the end when the Q and A starts, so if you have a question put it in. And they'll get to it as soon as they can.

We're going to be doing some polling questions throughout the presentation you'll see these pop up on your screen a quick reminder if you're seeking continuing professional education credits, you must answer the polls in order to receive credit.

Following today's webinar we will be sending a follow up email with the slide deck and the recording as well as contact information for our speakers.

If you have any technical issues Please submit them to the chat function, which is also located at the bottom of your screen and our team will help you out and with that, let me turn it over so we can get started take it away.

Vrushali Gaud: Thank you.

And can we let's kick it off with the first polling question, please.

Thank you, and it should be coming up in just in a minute, where is your organization communicating of sustainability information that the website standalone regulatory filings. I our investor relations are none of the above, but as that as the polycom you know comes through thank you first of all than for including us in this. In this conversation and Thank you everyone for joining us this morning I want to start off by saying I'm hoping the answer you get very few none of the above, for that polling question that a lot of companies, putting out sustainability information now. And it's never been such urgency and energy around this topic clearly is top of mind for all of the executives joining us today, and I must say, up until recently, you know when I when I started there we go very few none of the above.

Up until recently, you know when we would start these kind of sessions, I will start them with what is sustainability, what is the SG why, why does it matter and it's, it's heartening to see that we've moved from that conversation to more thoughtful What should we be doing, how is this affecting organizations and you know and what, how do we embed this into the business vocabulary and capabilities so.



It's great to see that movement, and so what what is the sustainability imperative why, why are we at this point where you know we're seeing, we're seeing this this acceleration and this energy, and you know, in my mind there's momentum and pressures coming for companies really from five clear dimensions. The first one, you know headline funding out of 26 all of us have seen what you know there's global consensus around the significant impact climate change will have on our lives in the next couple of decades, this consensus around the need to act, and act urgently.

We have the latest IPCC report come out earlier this week, which again builds that that sort of urgency around the need to add you know, rapid decarbonization to the pressure on our economy, the economy and the ecosystem so really coming out of 26 lot of action. 130 trillion dollars in sustainable finance you've got more than 500 companies now on the net zero targets science-based targets so big big momentum from there.

The next big piece is it's not just climate but it's also the risks and opportunities and the financial impact that can have on companies. And we'll talk a little bit more to our panelists after afterwards on this, but this really big imperative for companies to take a lens for. The physical impact that the infrastructure can have you know with the rapid changes and the better the extreme events, the transition impact that that. These sort of frisked spring from carbon regulations from supply chain disruptions from impacting communities. And then the pivot to Opportunity side that decarbonization brings new business models new growth opportunities so does the lens of visibility across the financial paradigm across risks and opportunities. And as investors in regular to start looking at this there's a demand for transparency, more and more information, we put out there, which is not considered traditionally disclosure. You know, few of information, the more non-financial information and it's not just investors.

You know, asking for that it's also stakeholders like your consumers customers and employees who are demanding that transparency from organizations.

And we think that the need for transparency across different pieces it's true disclosure reports it through your brand campaigns it's through the communications all the organizations, but out sits across the board, a consistent trustworthy transparent information on sustainability action.

And even the other piece that comes with transparency is the need to measure what gets measured gets done so, if you have companies, putting out net zero commitments companies aligning to Paris agreement, the one way to actually see if they're doing what they if they're committing is to measure it to track it to report on the progress.

it's also important when you talk about all the sustainable finance information needed for sustainable finance to make the right decision is to have information on it, and so, going back to provide data, good quality data measurement systems everything put in place to give information to those are making decisions.

And one of the big pieces around measurement that we see is is reporting and the frameworks that are used for reporting.

This is another one that has really changed in the last couple months two years used to be a big alphabet soup of acronyms lot of frameworks.

Principles measurement guidance is targets setting frameworks and seeing a good consolidation about amongst them, which I think is phenomenal for anyone who's been in the space to see regulators policymakers,



Framework entities come together and instead of stats start standardizing that in i'm going to go to something that's on top of mind for everybody.

Is what's happened in the last couple weeks, I should say, not even months now, but the first big one SEC climate rule.

You know if that goes through the proposal goes through it's significant in its in its threat in terms of all public companies.

And it also insignificant in terms of the depth in terms of scope one, two and three D admissions those of us, you know who have been in this space understand the implications it's got one and two, which is you know what's in control of a company the boundaries of company after company and scope three, which is more the value chain upstream and downstream which gets a lot more complex.

To report a blood, and so the coverage is significant, as proposed by the by that role. In the scope on and chill would require third party assurance and verification, a topic that's close to one of our panelists hard and we will talk about that it would be expected to be implemented by the end of this year, you know, and if.

The compliance be phased in, of course, over several years and the idea behind this essentially is twofold that companies, consider the magnitude and probability of climate risk and then report on metrics.

That are aligned with some of the climate drivers, such as the gog missions, the other side that's happened is the ISP sigh frs put out the established international sustainability standards born this came out of the call 36.

Discussions and since then we've seen the consolidation of some of the frameworks into the ISP, that is, the CSP the sustainability Accounting Standards Board.

And if I BC metrics is a big push to consolidate and align and what we've seen in the last week is to Take to export your drafts published on on general sustainability, as well as the climate specific disclosure requirements. These are built on the task force climate related financial disclosure principles they be this as be metrics in there, bring together the industry based disclosure requirements and they're also looking at the risks and opportunities sites for that principles framework so long story short lots of activity, it there's alignment around certain frameworks that are looking at climate risks and opportunities and there's reporting around.

The gog missions on one side and then industry based broader sustainability metrics and the other side if I was talking about it before. Before we started there's like 500 pages of the SEC rule there's I think around 110 hundred and 20 on the ISS be exposure draft. There's the European taxonomy and European regulation stuff going around in the next couple months in the IPCC report, which I think the summary version in itself is close to 65 or 80 pages so lots to read in the next couple of weekends.

So what does you know why we are here today in the desert sustainability regulations sustainability frameworks and now what is what is finance executives and what the product finance organization, you know what role does that do they play in this.

To me, I personally believe that finance has been at the forefront of disclosures around putting out good quality information reliable information. Around taking capital investment decisions, looking at long term, be medium, you know, short term in investment decisions, looking at risks, what are the risks and the opportunities streamlining information.



And leading transformations across the organization, so I feel like the broader finance organization year is really well positioned to help and accelerate the sustainability journey.

I have a few examples, your design illustrator, these are not exhaustive. There's many more of you know, individuals and functions involved in instead of sustainability, reporting and performance requirements, but the idea here is to show how traditionally entities that were not as involved now have begun start playing a role in this, and so the CFO obviously Looking at both financial and non financial, how do they integrate for the integrated impact metrics, how do we drive sustainable value.

How do you embed metrics and accountability through targets and kpis. You've got the controller and chief audit officers organization and we have two of them here today.

how do you how do you report on sustainability metrics in your compliance filings in your disclosures making it more robust what's the governance process and control around these metrics which is really critical because a lot of these were not built for the same process as financial information has gone through traditionally so there's a big jump here when you see how this information has to transform.

Chief risk officer is looking at business models existing DRM frameworks, how do you begin ESC climate sustainability in.

Technology officers, a lot of push around data and how did it, how do you use good good systems tech tech systems to automate and kind of make this an end to end visibility around SG information.

Some other ones not captured your investor relations, how do you how do you tell that story and articulate your business.

Business view on sustainability and what sustainable performances to your stakeholders

so many different ways, we are seeing sustainability kind of embedded itself into how other other parts of the organization are embracing it.

So we took a step back at Accenture and we surveyed finance executives across the world and we try to understand.

What it is what are their struggles, what are the challenges as they look at the the ability to measure sustainability to report on sustainability and we have a few insights before I go into the insights if you could bring up the next polling question should be coming up in a minute.

There, what would you identify as the top barrier to the sustainability effort in your organization. Is it lack of capability resources difficulty in measuring the return on investment legislative requirements good practices just leadership, commitment didn't drive drive some of the the effort required.

I'll give it give it a minute there, but the fascinating piece of our our our own research and the conversations that i've had in this in this. In the zone is is how many people are enthused and how many organizations that actually they want to be part of this and embrace this. And it's coming up those changes in a very, very accelerated way, so you usually start seeing data skills capability conversations come up pretty quickly.

So quite evenly spread out their lack of capabilities skills or knowledge that that's that's a good one another one of our favorite topics of our panelists are why the difficulty in in measuring the Roi and the value.

And hopefully the lack of clarity and legislative requirements, you know that's hoping.



Hopefully that's getting and I keep using the word, hopefully, because I almost want to say I am certain, but I, it is legislation, so in the next couple of months to a year, we should see a little bit more alignment and guidance on this.

Yeah so let's go through a few quick results of what we've seen from our survey, so the first one was that we've seen companies struggle with is the sustainability strategy, you know what.

What are the kpis, what are the metrics 53% of the finance leaders said that they did not, they have not yet identified kpis for free SG and the right data sources for those kpis. And that is huge, because if we talk about transparency, we talk about sustainable investments and finance and decisions. Data and kpis and metrics and targets are critical for that piece. And so, why don't companies have KPI it's often linked to the other issue is understanding of materiality.

You know what is what topics are material, what do, how do I prioritize how do I define what I need for disclosures so from a strategy perspective that's the number one thing that companies should start with material issues and then the kpis metrics and target for those issues.

The next one was once you have those targets and kpis what data Do I need, how do you know how do I.

Have systems and processes to provide that data so that I can you know, under the counterpoint bins are reporting and disclosures 74% that's a pretty big number do not have clear reliable data.

Given the requirement around assurance and verification that's that's a pretty high number that should be making a lot of people worried about the fragmented into this inconsistent data, the gaps that we've been seeing in this and i'll give you a give you a quick example, a lot of this was. Information is always one of spreadsheets

even though companies are putting it out today, and these spreadsheets were updated once a year.

You know, they were they were manually collecting information so now as you're going through and trying to make this more embedded.

Companies are realizing the gaps, the fragmentation structured unstructured data, the ambiguity and then the need to automate the need to automate so you can have that visibility, you know end to end view and more cadence versus once a year.

And then, this one, which came up and kind of aligns with the polls, we just took his lack of PSG skills and capabilities.

And when I say lack of skills it's really just a gap it's just a gap of.

Not having you know, been involved in that subject for people, not knowing exactly why it's important, what do these what is the term PSG mean going back to my first first place that we started this.

What are the metrics what drives those And why is that relevant for my business So this has to be in context of your business your industry and your role so a big need to.

bring people along from different functions and educate them on this and then find ways to embed it so that we don't have sustainability in pockets across the organization and silos it's kind of embedded through and through.

And you know coming off a survey, we also did Some internal research around this and we really found like it's not just the reporting but



moving the conversation from reporting to performance is really one of the key ways to both.

You know, get buy in to embed this into capabilities, but also provide a good articulation and story value story as companies talk about it, our research That took a couple of decades worth of information, basically showed that companies that are aligned with ESP outperformed those that are not three point X and operating margin and two point X on total return to shareholders, so those are not just.

You know, small numbers and that's not just reporting that's going beyond reporting to driving performance and value and so how, how do companies.

You know the next question I get which is, which will be like the last piece i'll finish and then go to our panelists is You know how do companies deliver that deliver these new disclosure requirements deliver sustainable performance and then in fact in you know, the way we talk about it as to reframe.

You reframe the conversation around sustainability is believing in silos being one time activity being just one sort of reporting checkbox reframe it to be embedded we frame it to be a value creation of view for the company.

And then retool your organization to deliver on that and by retooling that you know it goes to the skills, it goes to systems processes and technology to support that.

And you know we extensions has a sort of a six step process that we typically guide and we ourselves went through it re tooling and reframing our own our own.

You know espn disclosure and sustainability view it from strategy align the strategy with with what sustainable value means for the organization, you know, have a mission vision around it.

We think the definition of beyond reporting to include performance have integrated metrics look at it from a financial and non-financial lens bring in the concept of development, the reality in there. And that sustainability in the DNA of the leadership, as well as across the organization and then shift to focusing on measurement accountability and governance put the systems in place, you know, put the definitions in place and Institute of governance structure. And something which we are passionate about is how do you leverage technology is a big enabler in delivering not just you know the end to end view and the data, but to also accelerate innovation accelerate the digital twin aspects.

You know for certain companies and sectors to provide more informed decision making.

And the last one, the result of this deliver on stakeholder expectations we clearly don't put reporting, as the only one, so we've made a product as a stakeholder experience which could be your customers consumers as well as your investors and other users so that's kind of our view you know, on how we believe you're an organization should sort of move towards measurement of ESP and drive performance so i'll stop there, motor next motor panel and excited to chat with them this this morning, but if you could just take one more question before we transition.

Okay, so what is your organization's primary reason for addressing sustainability topics that align with your goals mission and values, make an impact with consumer expectations motivate employees meet norm standards regulation and or regulatory mandates.

And you could actually have all of the above, but I think we're trying to get to like what is the number one main motivation to stop sharing.



Normal standards and sustainability 45% that's a big number. Record three mandates 5% and then align goals missions with values. Sorry, my screen just shifted on me i'm in queue and back. So welcome to and Richard, thank you for being with us this morning or afternoon for some of some of y'all.

You know lots to lots to unpack here and start with Joe you know, Joe you've been on you've lead this effort at salesforce you're you're on the SAS before you're seeing all the movement from you know.

All the moment from the framework centers in the announcements, just so important and the SEC proposed mandate what impact let's start with what impact you think this has an on our most of our participants here today who are finance executives.

Joe Allanson: Well, thank you are falling, and thank you for inviting me today, let me first start off with the word financial finance executives. Because I just want to make sure it's important for people to understand that.

When you hear the words like the Securities and Exchange Commission sometimes people think automatically that yes, gee maybe specifically just for public companies that that is not the case here, private privately held companies are just as involved in this conversation here and and, yes, there has been a tidal wave of regulatory changes that are on its on its way there's more to come F rag the European Union is putting out their climate related disclosure proposal in the coming weeks. And I think there's a huge transition the conversation here, but I think for me. I would say, for me, it's really about a debt of gratitude to these regulators and standard setters because one of my biggest challenges that I had at salesforce when I took on this new role, a few months ago was navigating the reporting landscape. And mashallah you use the word alphabet soup I like to have more standardized in my pasta noodles in my soup, by the way here. But there has been a consolidation of reporting frameworks and I

think that's really very huge here, because at the end of the day, all of this was trying to really address stakeholder concerns about comparability consistency, reliability and I love the fact, in the last polling session that 45% of the participants talked about industry norms and standards, this is really where I think this is this is going in and let me make an analogy to financial accounting standards, because although we all realize that those have formed the baseline for measuring success. And how, when we implement our corporate strategies, how would you measure success, how do you target these types of things. And I think when you have standardization that's comparable with other industries and other companies, I think that's hugely hugely important.

The last thing i'll just say is that, when I saw your slides earlier, you mentioned that 53% of finance leaders have not well defined their kpis. Why, I think these standards really kind of force that conversation, it creates a baseline.

Certainly you're gonna have more metrics and kpis to pay by what's most important to you, but at least I think we have a starting point here so i'm excited about that, and I do have a debt of gratitude to all the folks have been working on this.

Vrushali Gaud: And that's a great I think you brought up a great point around that's the hope we have right that's kind of it's moving is we get that comparability through the standardization and through metrics. And it may be a kind of a low common denominator, it may not be everything a company has to report on, but at least you get that starting point right and take some of the clutter and the confusion away and Richard you've been you've been helping Accenture Accenture went through you know. Our own 360 value journey, and you know you lead lead the company through that effort and



brought in this digital first experience that shifts the conversation right or two from financial to 360 value, can you share a little bit about how that has been at Accenture and in your own personal view.

Richard Clark: Thank you for having me today, as well as you know, our goal at Accenture is to create a 60 value for all of our stakeholders, our clients are people shareholders partners in the Community values, no longer just about delivering the financial business case it's about the unique value our clients may be seeking, such as you know, re skilling or upscaling their employees or helping them achieve their sustainability goals you know, sustainability is really about competitiveness in the market with clients and for talent. So it needs to be embedded as a business priority throughout the organization and I think that's what's challenging for chief accounting officer and controllers, is that it really forces you to get deep into the organization outside of the traditional areas of finance.

You know, essentially, we need to attract the best people employees, want to work for companies that do the right thing that have the values that reflect their own.

So we make important commitments to like diversity, inclusion and we take action to make sure that we deliver on those commitments and finance needs to be involved in establishing those targets and commitments and in measuring the progress towards us because you don't get to those commitments you know overnight. So, for these reasons we created the 360 value recording experience, allowing us to demonstrate the multiple ways that we create.

You know drive and measure value in serving our clients, but also in operating our business and it's really our narrative. Now what you know if you look at the experience on the right hand side you'll see the SG frameworks So you see our story on how we're delivering on carbon how we're delivering on inclusion and diversity, but if you want to see it in the context of tcf D,

you can click that you'll see the metrics so we're not metrics driven it's more you know our mission our strategy first and then metrics.

Our journey was about really driving consistency in our message messaging you know you've got your 10 K your proxy your CSR report. You know, we added several pages into our 10 K on people we added a section and environmental sustainability, we moved up our corporate reporting and our CSR report three months, so it now comes out concurrent with the proxy so we really get to what we call you know reporting season. So you know we needed to be able to leverage data. You know, skills and technology to accurately and reliably measure and report our performance so we've raised the bar over our PSG data. We've had to work with different organizations that own the data HR owns inclusion and diversity geographic services owns carbon.

Right, we need to look at their policies their systems and processes and controls and put in operating controls and internal controls and testing to make sure the data is auditable and it can be generated in a repeatable way that needs to be actionable. We created the dedicated team within controllership who are building skills and expertise in the SG, particularly in carbon emissions.

While bringing their rigor and discipline to non-financial data throughout the organization, you know, and lastly, we using technology to help us be agile and reporting and also to be able to scale quickly and efficiently, for what we need.

Vrushali Gaud: it's fascinating because in the first couple minutes you know you'll have covered all the important sees that I that I like it, the competitiveness of sustainability, the compatibility of data that consistency across different different reports, I think, is really critical because it used to be quite separate and siloed.



I think that's been a huge huge shift so. And you know personally I can genuinely appreciate the 360 value, because it does take it does make us all step back and look at what we know what we do in our daily lives or individual professional aspects. And then, as an organization it moves the conversation it moves the conversation across multiple dimensions, you know that go into these non financial intangible but now really tangible aspects.

So you know just salesforce had a similar journey, you know if they've got they've got great reports multiple reports, very committed, I think, sustainability is part of the core values now, so you know how I guess, can you walk us through this tectonic shift that, and you know salesforce has been on the past couple years didn't the data part of it curating executing the data and that's not just salesforce right it's your value chain you're looking at. Every company in your value chain which includes some of the private companies to your point earlier, this is not just about public companies, so can you can you tell us some insights you know any lessons learned.

Joe Allanson: Happy to, but let me first piggyback on our experience. You know, listening to Richard one of the things I learned very quickly that at salesforce we have 75,000 employees and I felt like we have 75,000 chief sustainability officer is, which is fantastic. But i've noticed that that a lot of the work over the years, has been dispersed throughout the company and although we have dedicated teams. I think, so I think you find out, and as you start applying some the concepts that Richard was describing. I found that just trying to wrangle and pull this all together was was certainly a very big chore and that was before I could even get to what you're asking about and that's the data conversation. Clearly there's a data deficiency and data is a common throughout. Many of us as chief accounting officer could probably tell you that is the probably one the number one question so we're asking each other, what are you doing about the data. And I think you know most most people are typically describing that they're doing some

type of mapping exercise mapping their data supply chain trying to link it to some baseline metrics to know what they're doing trying to put some governance controls process around, so it is repeatable like Richard was describing.

But I would tell you that, in terms of lessons learned, I would add something else here that can maybe accelerate everyone's journey here. And that is really around the conversation of what are you going to do with this data. And the use of estimates and methodologies that are selected for things like scope three are hugely important and you really need to have your very senior finance people involved in those kinds of discussions i'll give an example, but metaphorically in financial accounting worlds.

You know, you could join a company and they've really already established their appreciable lives of their fixed assets that's, not even a conversation that's just what happens, but here on greenhouse gas emissions without the standards that are still in flight there's a lot of conversations around uses of estimates methodologies, you can get a radically different answer if you changed any of those and so, if you're not doing sensitivity analysis I suggest you start thinking about that and let me give you an example, recently. One of the most common metrics are common categories within scope three is category six and remember there's 15 categories category six deals with business travel.

And your first question is what's business travel and you can probably say it's air travel, but then you get into this materiality conversation, what about the taxi rides What about the uber's and the lifts. And then you get somebody that's asked you this question well how can you say it's not material if you haven't done the analysis. And so you go into this circular logic here but among the six activities that salesforce has articulated what's in business travel um.



There are three different emissions standards that we're using to convert those numbers into greenhouse gas emissions, and so, if you're using these factors like the US EPA. You really have to have locked in as to why you're using it if you're a multinational company, and if you change those types of admission factors, what does that do to your numbers and then you have to start thinking about the transition, because you don't want to change the rules of the game and the move the goalposts as you're trying to report progress to your stakeholders as to how you're moving towards your targets, so this conversation I'm just describing is something that is very subtle.

But I have found that I've been spending more of my time in this area and leaving it to the others on doing their mapping exercises of the data again, what are you gonna do with this data, and how does it convert and how does it tie into your strategy and measurements.

Vrushali Gaud: Does it I guess. Great great observations, and I think scope three in itself is a huge discussion it for multiple reasons methodology lack of data granularity assumptions, you know. Part of me candidly tennessee's it were some of the other ght discussion started even scope or into when it started it's much more streamlined, but in broadly when sustainability metrics came about, it was this.

There's no right methodology that there's no consistency, I can change something and then it changes your own year you know so. I think the the realization I have is a have the conversation right, you know, do you know what you know and then just know what you don't know and actually be candid about it. Personally, I think, transparency, around what you use clearly articulating that and sticking to that methodology and you see some change versus changing them a urine year does that some best practices. And then hopefully the sort of alliances and more disclosures become the more the system auto corrects in my mind, the more we see how companies are doing it and

you learn from it and you build leading practices, so all great great point there. And I think you know, Richard similar similar issues at Accenture to right, maybe, and this various industry to industry scope three maybe a little bit more complex for certain industries little lighter for service industries, but very complex.

You if you can just share a little bit about you know he touched upon the data part of it, but there's data there's governance that skills there's all of these aspects that at your team had to had to kind of unpack.

Richard Clark: I think we just to comment. You know controllers and chief chief product officer us used to a very scientific approach to financial statements and carbon reporting is certainly more art than science or combination of both I should say, to be fair. And you know rebates lining or recasting prior results is is you know highly unusual in the accounting world, so this there's a lot of offices are challenged and we're gonna have to change a little bit in this new world, and he has to space to get more comfortable with recasting and re based learning and some other terms as the methodology gets better, as you change. Yeah at Accenture now he is just issues we talked about a spread throughout the organization. And you want each entity to own their data, you want them because they you want them to own their targets because they have to drive the progress. But it does require that you have a governance overlay. To make sure that you know you, you get your head controllership needs to play a leading role in governance, so that each part of the business takes responsibility for their area and understand what the expectations are. So you know it's sometimes it could be a new discussion with some of our VP of HR people about what's the source system you're using have the have the reports been tested. Right, where do you get you know this type of data



right, how does it get consolidated as you get them to certify to their data controllers are used to certifying you know all the time, as part of our 10 K process it's not a typical process for other corporate functions within Accenture.

So the data is really it's embedded in the each organization each of their strategy their targets and how they're going to achieve them. Controllershship does have its piece around collaborating across it all, you know we talked about evaluate their policy. You know, so that they can make sure that you know if you're going to have equal pay around the globe, what is the policy of how you test that to make sure that you can say that statement. One of the processes, you need in order to to drive that what systems do you need, how do you engage both internal controls internal audit external audit. You know, on the data, particularly if you want to put the data, you know into your 10 K and depending on where you want to put it within your 10 K, to the level of assurance may need it to be higher.

So it's really that collaborating, together with the data owners raising their awareness around data quality and data standards, while also you know, making sure that they're empowered to deliver the results that they've signed up for.

Vrushali Gaud: that's a great great way to show our journey through it and lots of things there in terms of ownership in terms of building practices, if I could just piggyback a little bit on that, and you know there's a question that came up in chat to around what was the what was the hardest thing to navigate and the 360 approach in terms of remediation in terms of building consensus you're looking at different metrics what what was one of any any experiences from that and that's really a shift for Accenture right the whole 360.

Richard Clark: I think the biggest thing was you know, was a 15 month journey and we didn't you know you like to start with the end in mind, but we didn't have all the reporting defined.

We didn't have what the 360 value report was going to look like. You know, we just had a target, so I think you know, one of the challenges, was that we needed to pick to controllershship needed to come to the table with data. That could be put anywhere if we decided as part of 360 value and that consistent messaging that we wanted the data to go with a 10 K, it had to be a 10 K quality. If we wanted it to go with the CSR report or the proxy you know or depending where it went in the 10 K, so I think the struggle was you know.

You couldn't really prioritize which data from the beginning, because we we over that 15 month period we developed our narrative we added to that we determine how we were going to do you do the visual reporting do it online. And how the frameworks would fit into that so we probably we had to do more work on all the data, because we didn't have we haven't defined the end state was probably the biggest challenge.

Vrushali Gaud: that's a great one today have you not started, what is the end state we are getting to, and I do, I have a question for you on that one but there's a question that popped up in the chat which also be of interest to you is you know the ISP and the materiality the financial materiality lens that South bay and the ISP comes through. Doesn't that to take into consideration the impact part of it, so the standards that harmonized thing around the financial materiality not as much on the impact part of it. My piece part of that is more the G ri conversations that is SP is having you know kind of helps towards that so that's one. And then, if you want to just piggyback on what Richard just mentioned around having that not star know what is the value to the organization setting that goal post and navigating towards that.



Joe Allanson: So let me share, about the first question that you had here and that's this conversation that people have heard the words double materiality right. And certainly the standards are built upon from an investor lens about risks and opportunities and that's the financial materiality, but when you get to consumer sentiment and the general public. And the media it's that second part of materiality is like what is the company doing to improve the state of the world to improve the environment. And that's really where I think companies you're starting to see companies describing both in their stakeholder impact reports. Because they're really describing what's important to them, the starting point is who is your audience for these types of reports and I think that will guide you in that particular area, but in terms of the north star, you know, maybe salesforce a little bit different here because we are founded.

With these core values and sustainability and equality or are two of those core values and it's been fully integrated into the DNA of our business, but I think we've really helped to find what's most important to us and typical with how salesforce is operating once we define what it is that we want, we then go through a conversation internally about well what's important to us. How are we going to do it, how do we know when we get there. And what are the challenges that we're going to face and that's the way we approach even like entering into a new market, so I think those are all the types of things in the north star conversation that we have but, again, we use we. We put out some pretty lofty ideas out there, we have a very jump in big tradition at salesforce and I think that's how you move faster and we're wearing a lot more, by the way.

Vrushali Gaud: And, and I think that you know coming out of the salesforce world a little bit, how would you, you know for our audience today. How would they shift and that lenses two lenses here right one is the sort of newer 360 value, even if it's our turn Richard it's more it's that it is that view around, financial and social impact and step 360 value lens that's one not star.

In the you know the other North star is getting comfortable with the art and science is what Richard mentioned right some of this is not as clear it's not laid down and they'll be this sort of glide path towards getting to that point and so there's two pieces that you know people have to get a little bit more comfortable with any any any thoughts on navigating that.

Joe Allanson: Well, I think you know you're hitting on a couple of different themes, there were solid you know you really articulated that in today's world, you have to do more than deliver that build great products and deliver a profit, you really have to do a lot more you're talking about having to also do well in the world do well for the world. And I think that's an important aspect here in that conversation and also would share with you that, while this is burdensome for so many of the finance people, I've yet to run into a finance person at salesforce who's not willing to help because they clearly see their skill sets and using those skill sets to really make a difference in the world, I think that you cannot underestimate and love that but back to your question on the value conversation here, which is what you're trying to unlock. Here you know I think it's around the starting point is defining what's most important to you, those are the big important values the things that are important for your stakeholders, for example. And remember there's an external narrative that you have to get comfortable with what are you going to say to your investors your customers I include employees in that. And then there's an internal conversation about return on sustainability investments and you really have they're related. There, but they're very different in the narrative in the conversation, and as a finance professional, you have to help out on clarifying. Both of those types of things now certainly I think in the value creation conversation back to this conversation of doing well and doing good. I mean a lot of you starting to see this out there and the consumer side i'm watching Amazon



giving you a choice of the packaging. You want to bundle up all your purchases into a single delivery i'm watching airlines telling me that based I could choose based on price on schedule, but now I can also choose based upon emissions, and I think those are hugely important those are turning into becoming differentiators those are becoming competitive advantages. I think those are showing leadership in there and I think in the value creation conversation you definitely don't want to be a laggard. In this particular space, you want to be a leader, because the rewards will definitely be going to the to the to the to the winners here, but again finance professionals, you have to be able to articulate. This narrative well I told another CEO the other day was don't don't don't overcomplicate this yes gee I mean it's complicated enough so don't don't don't get over complicated with it, but, think about when your company wide or large business you're building new muscle here what was your narrative to your board what, what are the synergies, what are the return on investments, all of those skill sets become very valuable in the world of the usg.

Vrushali Gaud: You know, in very, very good points there and I think you've got good paddles run into the mergers and acquisitions in different companies to and to get started on this and one big part of that is is C suite by and leadership fine board level by and Richard and you know how, how do companies get started on getting that buy in because, like like you mentioned everybody's excited to work on this topic, everybody is you know, obviously, is eager to learn, but you do need by and you need you need good sponsorship from the top down.

Richard Clark: yeah I mean I think every board training going on right now is you know, has an esop component right. You know our board has oversight free over yesterday and was very involved in our journey and our approach to stay in a bit sustainability mean you know some of your ESP stuff comes out of your era process your enterprise risk management process, some of the risks come from there,

you know we engage with our non GAAP Committee who oversees our overall ESP performance, including disclosure, you know kind of strategy and risk. Our compensation culture and people committee oversees a strategy and our policy of our people so for well being and diversity and inclusion. We looked at the charters for those committees to make sure that those charges were up to date, we actually renamed it used to be just the compensation committee it's now compensation culture and people because their role is much broader. As part of our implementation of 360 value we did establish an ad hoc committee of the board for specific to ESC so that during 2021. You know, we work with that subcommittee we previewed our digital experiences I would prefer previewed our integrated reporting approach, so the one we were ready to launch last fall, they were all very supportive and had been involved in that.

And we meet with the committee chairs on a regular basis, I know the audit committee chair on multiple occasions specifically around data assurance and quality kind of the policy controls and systems work we talked about, because while non gap has responsibility for sustainability. There is a reporting component and a data quality components with obviously the audit committee, the audit chair were concerned about and i'm sure next several weeks here will be meeting with. The Non GAAP in the audit committee about the SEC proposed climate disclosure rules and the potential impact of those on Accenture and how we plan to get to reasonable assurance on scope one and scope two to emissions.

Vrushali Gaud: And that's a great segue for something that in the dirt on top of your mind the SEC proposed rule and the insurance verification allotted which subject we probably don't have time for all of that, but I would love to get some of your thoughts your thoughts on that.



Joe Allanson: Or, certainly, you know we're very supportive of the SEC proposal here, and I think they're onto something and really appropriate with assurance and that who is providing the assurance here, certainly, you want a high quality. Firm our belief really is itself sources, we want our kpis and espn the yes year to have the same rigor as our financial reporting. The question really comes down at the type of a test work for assurance work with the firm's would provide right now there's limited assurance, which means that nothing came to their attention. But the proposal asked for us to step up to reasonable assurance, which is quite a quite a substantial lift for a lot of companies. Here, and I think there's just a fundamental questions about what is the incremental benefit for investors here, certainly companies are now trying to understand like going through an analysis of the level of effort. But this is a fairly large undertaking a large transition for sure, but certainly if an area is filled with it's more art than science and you got to get comfortable with recasting. You can kind of see where the anxiety starts to appear for us for some folks who are in the financial reporting area.

Vrushali Gaud: entirety that's a that's a that's a you know that's a good way to put it, so I have one last question for you, you know because, despite all of this, and despite you know all of that you actually enjoy your journey helping. You know, helping salesforce through this in your role as the chief product officer and now you're not had a PSG you know for for salesforce how did that journey happen, and you know any any key messages to the audience through that through that journey.

Joe Allanson: Well, certainly i'm enjoying this because I feel like in my professional career, this is going to make the most impact on our globe my tagline Michelle is accountants are going to save the planet. I'm sure my lawyer friends could say the same thing warriors save lives, but it really speaks to the fact that regardless, whatever your professional expertise is there's a role here.

And there is a crisis underway, and when you get into climate action there isn't a global emergency. But I think the part that I like to leave people with on the key message and it kind of ties back to a polling question that you had earlier which holly about some of the top barriers capabilities, was one of the highest areas I think you really have to think about Where are you putting who's owns this work who's doing this work. And the analogy, I give you back to mergers and acquisitions if you're acquiring the largest company of your history. And you're trying to have a value creation conversation you're concerned about the data and the processes you're not going to just delegate this down to General Accounting or the SEC reporting group you're going to use your top Finance executives because that's the group that is going to unlock the value conversation and build out the right governance. The unfortunate part is is that as a very precious resource and so at salesforce that's why our CEO asked me to step out of my role as chief accounting officer and controller to take on this, this new journey and i'm pretty excited about it so.

Vrushali Gaud: That's the title of your book accountants i'm going to save the world I think that's one of one of those versions there but you'd love to love to you know get that out, and I think Richard you know I'll give you the last word around. What are your three tip top sort of nuggets for the audience, you know given extensions journey and you've done so many committees yourself what are you seeing from your other peers near, direct mail.

Richard Clark: Sorry, through the collaboration, I think you know you're going to get input from all the different stakeholders need to collaborate in the delivery of the data, so you really have to have a collaborative style and very inclusive style in order to be successful here.



And it is a journey so figure out your path figure out where you are where you want to be in pace yourself, you know as you get there. And then, lastly, I think you know look globally, because, while we hear a lot about you know with the SEC, and things that are going on here in the in the US. There's a lot going on in Europe, you talk about the ISP and others, and I think it's important to make sure that you're aware of that and then. One other thing I guess then what's The thing is, is that don't, this is not just about reporting under frameworks. You know your procurement people are going to get request if they haven't already from your vendors and your suppliers saying you know let's your carbon impact for us. How are you going to reduce that by 50% and finance wants to be involved in those discussions to make sure that commit whatever commitments are made are based in data in fact there's a path or plan to achieve those.

So you don't if you know if you think the frameworks might take a while the SEC might take a while this procurement stuff is happening today as we speak, and I would encourage all find the finance people to get involved in that as well. I thank you.

Vrushali Gaud: Thinking i'm cured, and then you are, but thank you so much for this lovely discussion, this could go on for hours i've enjoyed i've enjoyed every piece of this and i'm sure you'll have people reaching out and be encouraged people reaching out a couple of questions that 10 over it over to you yeah.

Dan Bigman: Great job, all we really fantastic fascinating stuff obviously a time of really big change, so I think everyone that's on this appreciate it you guys taking the time to do this today. This is all the time that we have today, I want to thank the three of you for joining us in a really terrific session and I do want to thank Accenture for making this webinar complimentary today very much appreciate a great piece of public service. For the Community if you have any questions that we did not get to today we're going to include extension teams contact information in the follow up email feel free to reach out directly to get those answered and we look forward to seeing you at our next webinar and until then be good, good luck and be good to one another and, once again, thanks to the three of you, and thanks for everyone else for attending today.

Joe Allanson: No, thank you. Bye.

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