

Time to take the lead
Focusing CFO efforts on the
journey to a sustainable future

Deloitte 2021 CFO Sustainability Snapshot survey results



Sustainability is firmly at the heart of the evolving role of the modern CFO, as custodians of strategy, risk management, performance and value creation.

But how do CFOs view their role, and how are they progressing? Our snapshot survey sheds some light on the perspectives of New Zealand CFOs in this rapidly evolving environment.



The time for sustainability leadership and action is now

The transition to a sustainable, net zero economy will impact all organisations.

Customers, employees, investors and others are demanding greater and faster action, and legislation is quickly changing to ensure organisations truly manage climate risk and adopt sustainable practices. All organisations must respond to this challenge – and those that don't act quickly will lose relevance, value, access to capital and their best employees.

CFOs are well-positioned to take a leadership role in driving timely and effective sustainability transitions, given risk management and value creation are core to their role. In light of this, [Deloitte](#), the [Sustainable Business Council](#) and [Toitū Tahua: Centre for Sustainable Finance](#) undertook a **'snapshot survey'** of New Zealand CFOs to provide some insights on the progress of their organisations, how they see their role, their contributions as CFOs and barriers to progression.

Our findings show that most organisations and CFOs have begun their journeys, but there are **opportunities for CFOs to accelerate and broaden their impact and pace of change**. CFOs must identify and address key barriers to progression in order to both preserve and create long term value for their organisations.

This report emphasises the unique opportunity for CFOs

to drive greater value generation and organisational resilience through driving sustainability action. We encourage CFOs to pause, celebrate progress to date, reflect on their role and contributions and continue their journeys forward.

We thank all those who took the time to participate in the survey.



Andrew Boivin

Climate and Sustainability Lead, Deloitte
aboivin@deloitte.co.nz



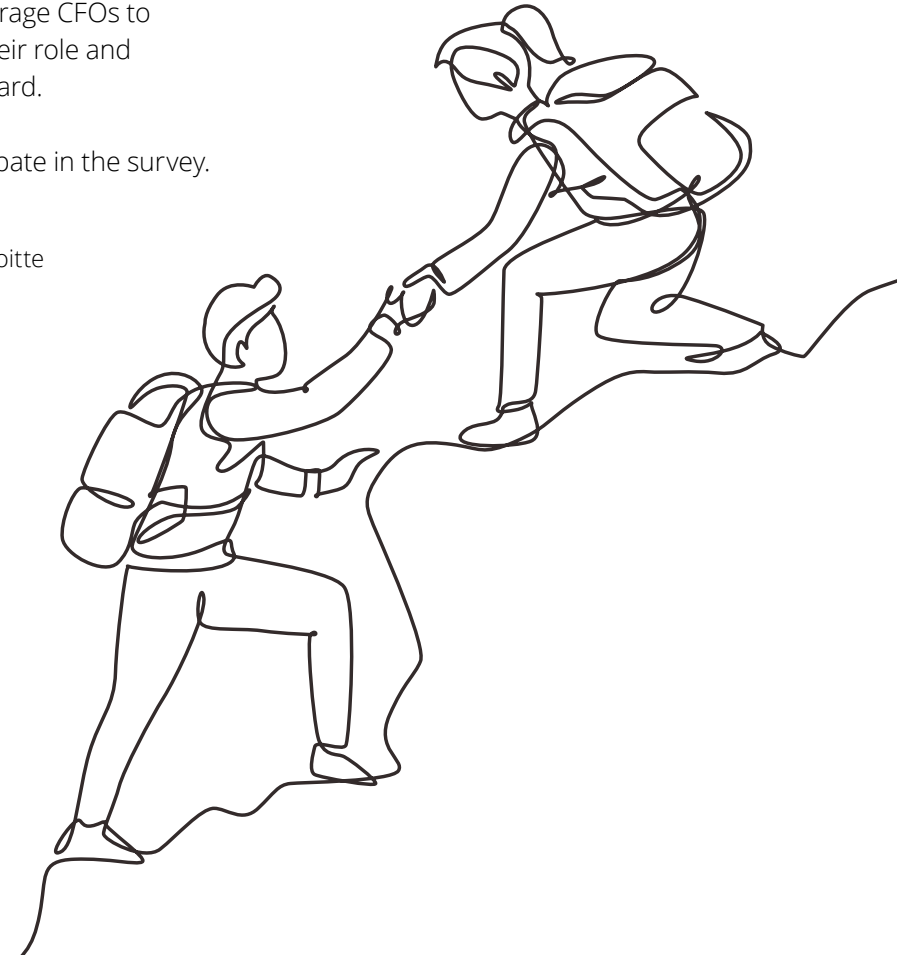
Mike Burrell

Executive Director,
Sustainable Business Council
mburrell@businessnz.org.nz



Jo Kelly

CEO, Toitū Tahua: Centre for
Sustainable Finance
jo@sustainablefinance.nz



The case for action



The science is clear

Scientific evidence for warming of the climate system caused by human activity is unequivocal and we have only a few years left to act to limit warming by 1.5°C. We have breached the ecological limits of our planet and not meeting the basic needs of significant parts of our global populations.



Regulatory and stakeholder demands are increasing

[The Zero Carbon Act](#)

[Climate-related financial disclosures](#)

[Emission Trading](#)

[Carbon Neutral Public Sector 2025](#)

[Government Emissions Reduction Plan](#)



Sustainability equals opportunity



Access to cheaper capital through sustainability-linked financial products



Attract & retain staff and customers



Reduce risk & improve resilience



Stimulate growth & financial returns



Enhance your reputation



Identify innovation opportunities



Achieve efficiency gains

Executive summary

There are opportunities for CFOs to broaden and accelerate their impact

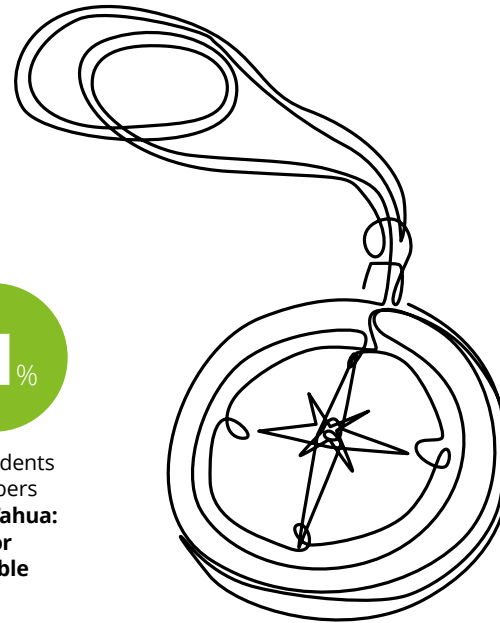
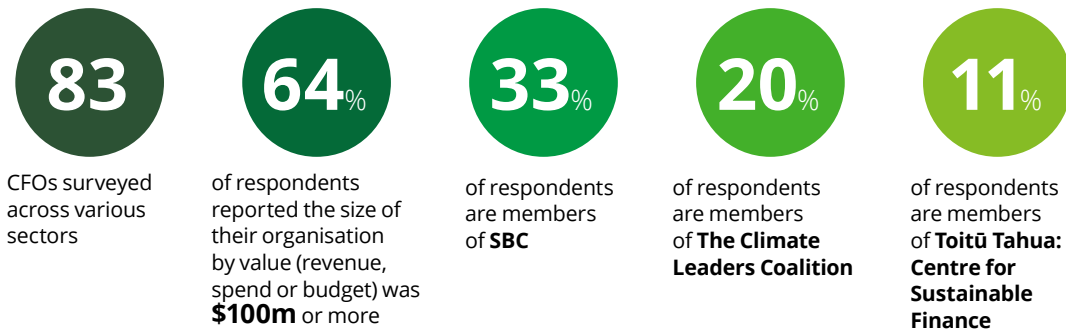
We asked CFOs to assess their organisation's progress on a selection of sustainability activities. We also asked about the drivers of and barriers to action.

- **Most CFOs reported that their organisation has begun their sustainability journey.** This is a positive signal, however there is an opportunity for organisations to progress a **broader range of sustainability activities at a faster pace** - with only 39% of CFOs reporting at least half of the organisational activities surveyed were advanced or complete.
- The sustainability actions of these organisations are primarily driven by a **value-creation or preservation mindset** (such as achieving a competitive advantage), rather than one of compliance.
- CFOs noted key barriers to be a **lack of resources, a lack of capability, and difficulty in measuring return on investment.** These barriers are not new, but reflect that the sustainability transition requires new ways of thinking, new skill-sets and new investments.

We also asked CFOs to assess their individual progress role on a selection of sustainability activities relevant to the CFO role.

- Two-thirds of CFOs are **tracking well** on their individual sustainability journeys – but again, there is an **opportunity for greater action** with 20% of CFOs reporting at least half of the CFO activities surveyed were not started.
- While many respondents reported that sustainability is either a core part of their role or they have oversight of it, 37% did not. There is a **significant opportunity for these CFOs to lean into sustainability leadership and action.**

Key survey details:



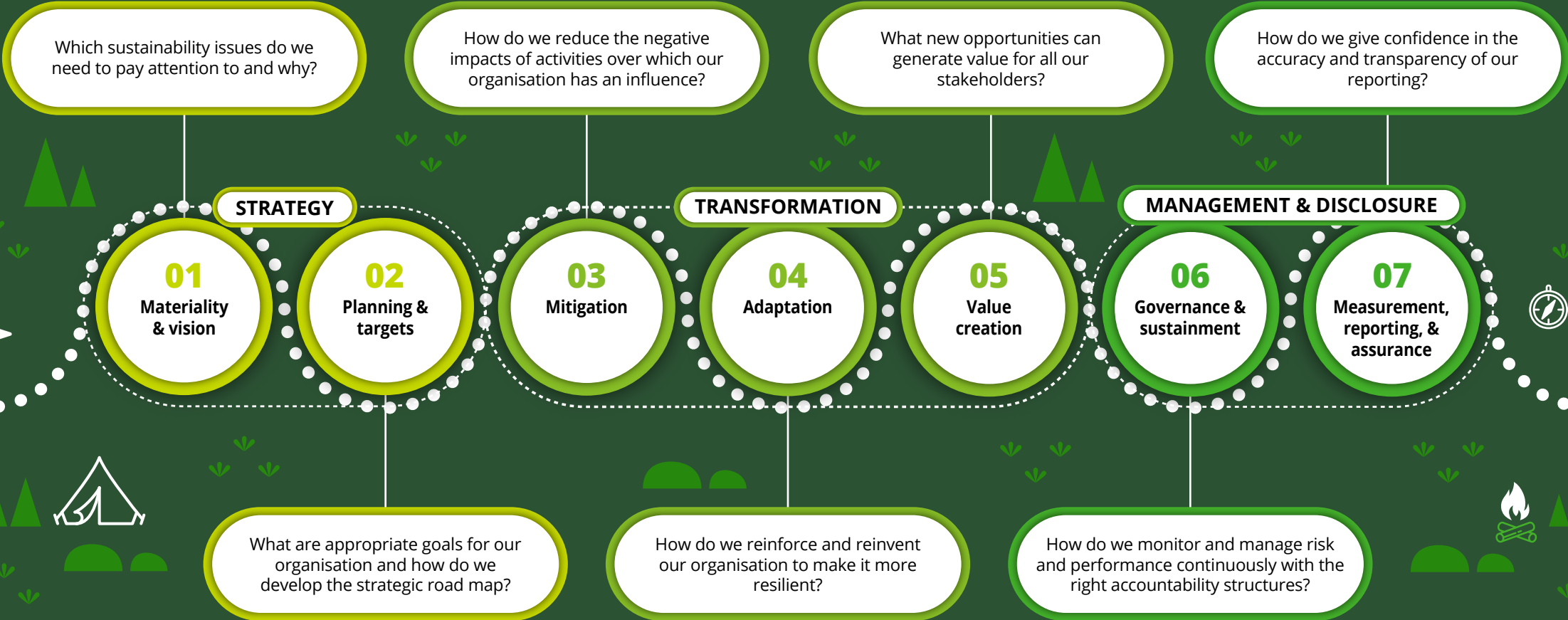
“It is **imperative** that CFOs are strong supporters of driving sustainability and ESG comprehensively within their organisations. Whether a strong believer or not, public sentiment and public policy is going to impact all industries now and into the future. **CFOs have a responsibility** to manage risk and to prepare their company for this advancing world.

Survey respondent

Organisations must take comprehensive, iterative and integrated approaches to their sustainability transitions

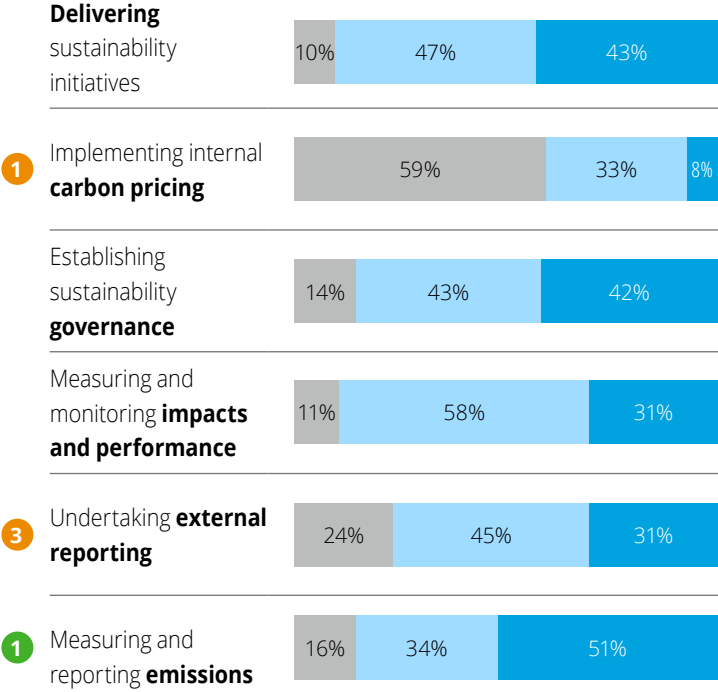
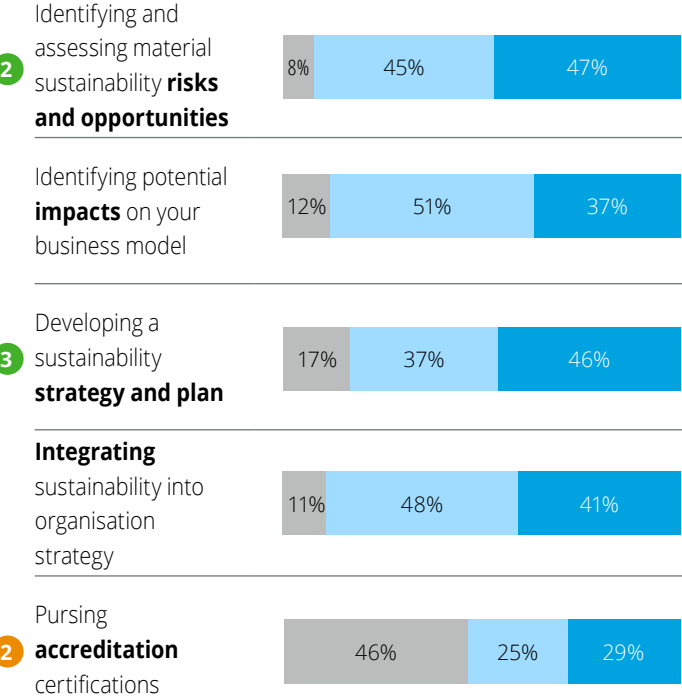


Key questions



Most CFOs reported their organisations have begun their sustainability journey...

We asked CFOs to rank their organisation's progress on the below activities:



Key:

- Unsure/not a priority
- Planned or in early stages
- Advanced or complete
- Top 3 highest % 'Unsure' or 'Not a priority'
- Top 3 highest % 'Advanced' or 'Complete'



of CFOs reported their organisations had either **planned, started or completed 80%** of the activities



of CFOs reported **at least half** of the activities were **advanced or complete**



of CFOs reported that their organisations had **not started 80%** of the activities

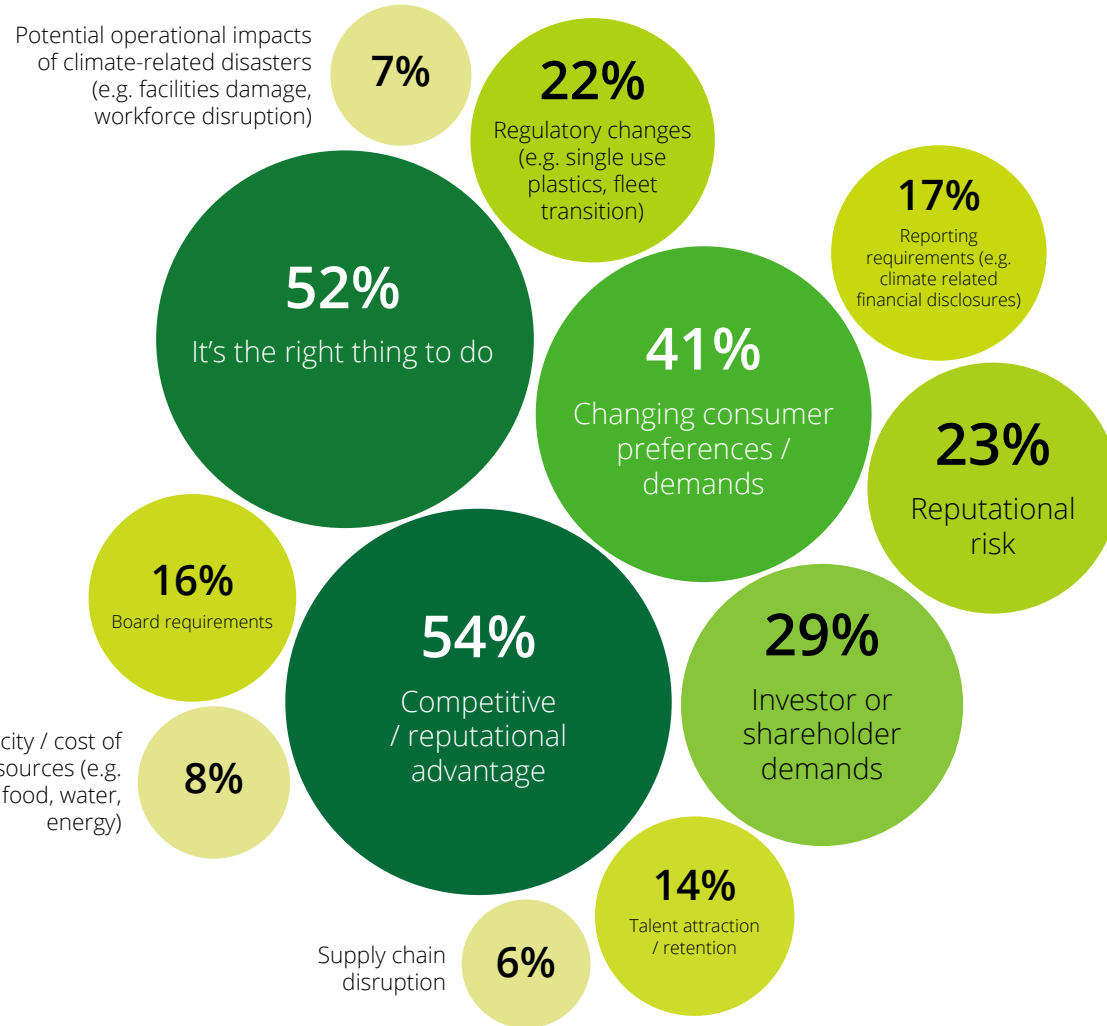
CFO Checkpoint

- Which activities are your **strengths**? Which are your progression opportunities?
- For those earlier on the journey** – do you have a clear understanding of your material risks and opportunities, or what is important to your stakeholders?
- For those more advanced** – do you have a comprehensive performance management framework in place to ensure accountabilities and continuous improvement?
- For all** – have you started measuring your Scope 3 emissions or undertaking shadow carbon pricing, and are there sustainable finance opportunities for you to explore?



...and are driven by a value-lens, rather than one of compliance

We asked CFOs to identify the top drivers of sustainability action in their organisations:



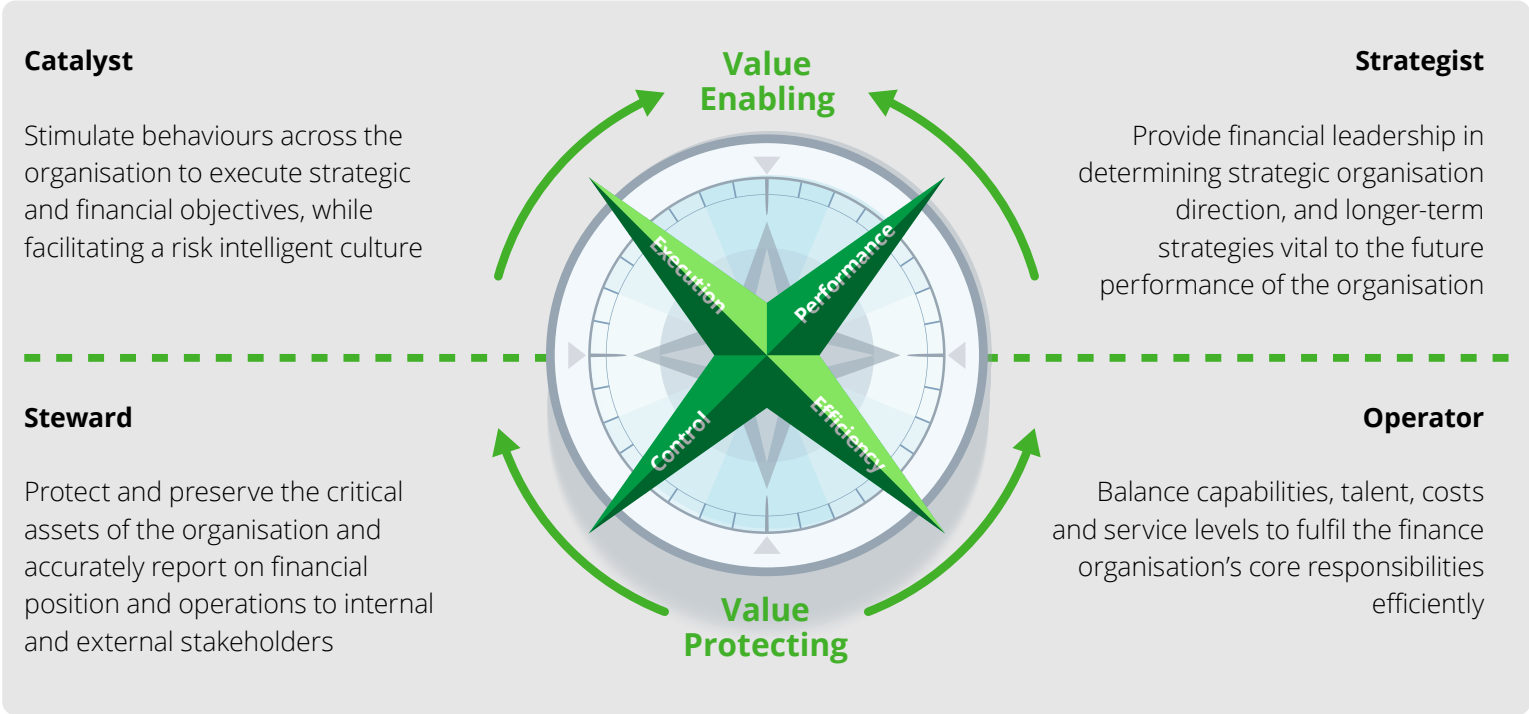
The value lens

The survey shows that regulatory and reporting compliance are not currently the main driving factor of sustainability action. This is hugely promising for New Zealand. Organisations are being driven by value preservation or the potential for value generation - like maintaining or gaining competitive advantage, responding to consumer demands, or feeling it is the right thing to do. We call this having a value lens. The degree to which businesses view sustainability through a value lens will likely be a differentiating factor in harnessing opportunities. Organisations that are value driven are more likely to integrate sustainability into their strategy and business model, enhancing their long-term performance and resilience.

Despite this, some organisations are not moving fast enough. Regulatory and reporting requirements play an important role in incentivising and accelerating the rate of change and mitigating damage being incurred. We expect that as regulations and reporting requirements increase, a compliance lens will play a larger role in sustainability action.

CFOs are well-positioned to take a leadership role in driving effective and timely sustainability action...

Today's CFOs are expected to play four diverse and challenging roles, outlined below:



Sustainability leadership and delivery is integral to all four of these CFO roles. Driving sustainability action is no longer a secondary or 'nice to have' part of the job; it is **essential and expected** given the CFOs lead role in both **value protection** (or risk management) and **value creation**.

Why the CFO?

- 

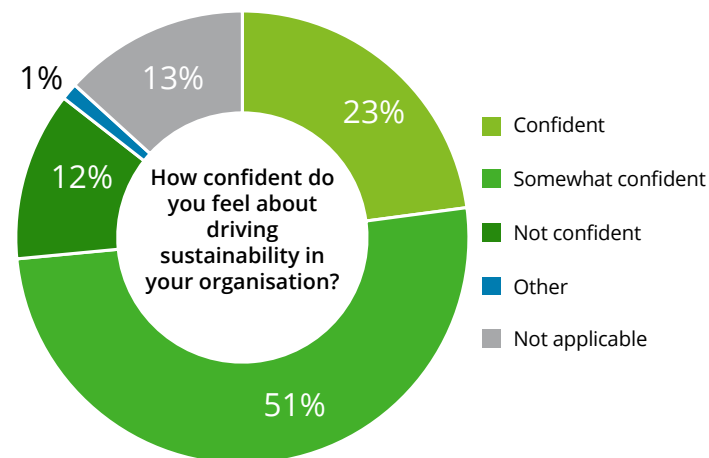
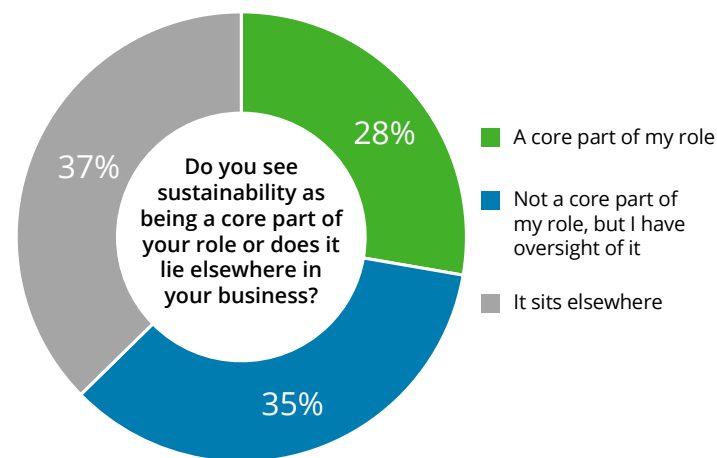
Uniquely positioned to have an end-to-end view of the organisation
- 

Has the professional toolkit to align ESG issues with an organisation's strategy and financial objectives
- 

Inherently focussed on value creation and risk management for both the short and long term
- 

Objective, influential and trusted by the board, the executive and across the business

...and while many respondents consider sustainability a core part of their role, or they have oversight of it, 37% do not – presenting a significant opportunity



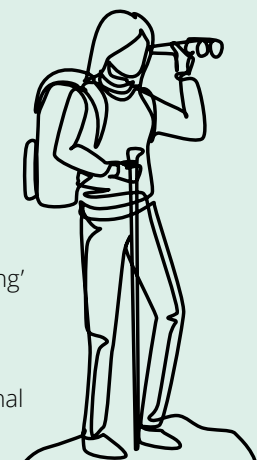
Why might CFOs not consider sustainability to be core to their role?

- **Not part of the remit** – Many respondents noted that sustainability leadership sits elsewhere – including Sales, Operations, Legal, the CEO, a Sustainability Lead, or others.
- **A value preservation focus** – Many organisations see the CFO role as primarily a *steward* and *operator*, rather than a *catalyst* and *strategist*.
- **Capacity limitations** – CFOs may be impacted by competing ‘business as usual’ pressures and priorities – including responding to the ongoing impacts of COVID-19.
- **Lack of integration** – Many organisations have a siloed view of sustainability, instead of taking a broad and integrated view of sustainability risks and opportunities which are relevant to *everything* the organisation does.
- **A period of identity transition** – Many CFOs may not yet be drawing the connection between sustainability and the core parts of the CFO role: value preservation and creation.

- **Lack of confidence** – 12% of respondents said they do not feel confident driving sustainability action in their organisation.
- **Board engagement** – For some organisations, Board members may not understand the relevance of sustainability to their organisation in order to prioritise it.

CFO Checkpoint

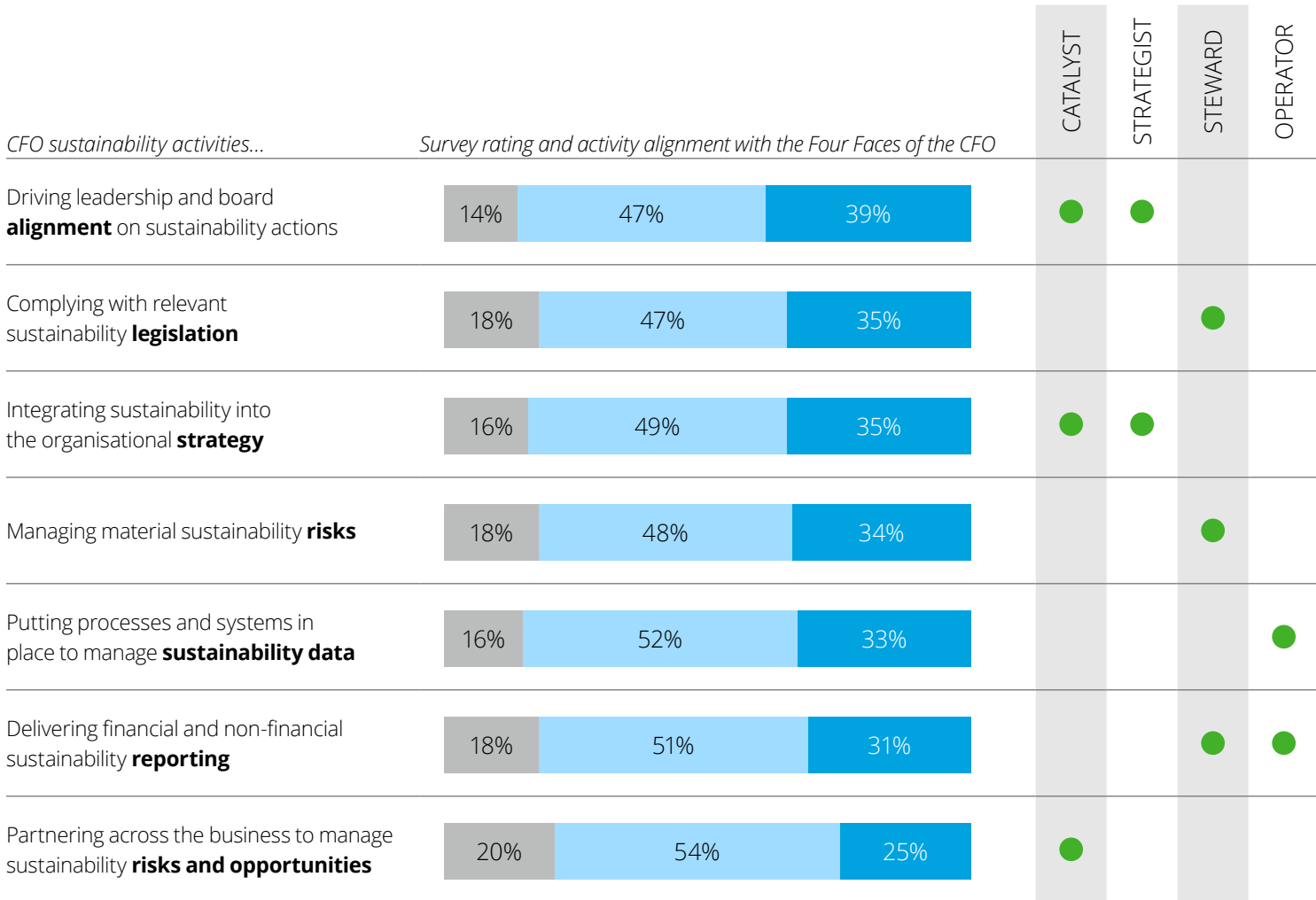
- Do you have oversight over sustainability strategy, planning and performance management in your organisation?
- If others are taking the lead, how can you contribute effectively?
- What can you do to increase your knowledge of, confidence in, and communication of, both your role and the case for change?
- Do you think about sustainability in terms of value, or risk? Or both?
- Is uncertainty and fear of ‘getting it wrong’ preventing you from progressing and inhibiting a growth mindset?
- Are you undertaking internal and external sustainability reporting with the same rigour as your financial reporting?



Two-thirds of CFOs are tracking well on their individual sustainability journeys...

We asked CFOs to rank their individual progress on the below activities:

The three activities with the largest proportion of respondents who answered 'complete or advanced' (in order of highest % to lowest)



Key:

- Unsure or not a priority
- Planned or in early stages
- Advanced or complete

66%

of CFOs reported they had either **planned, started or completed 80%** of the activities

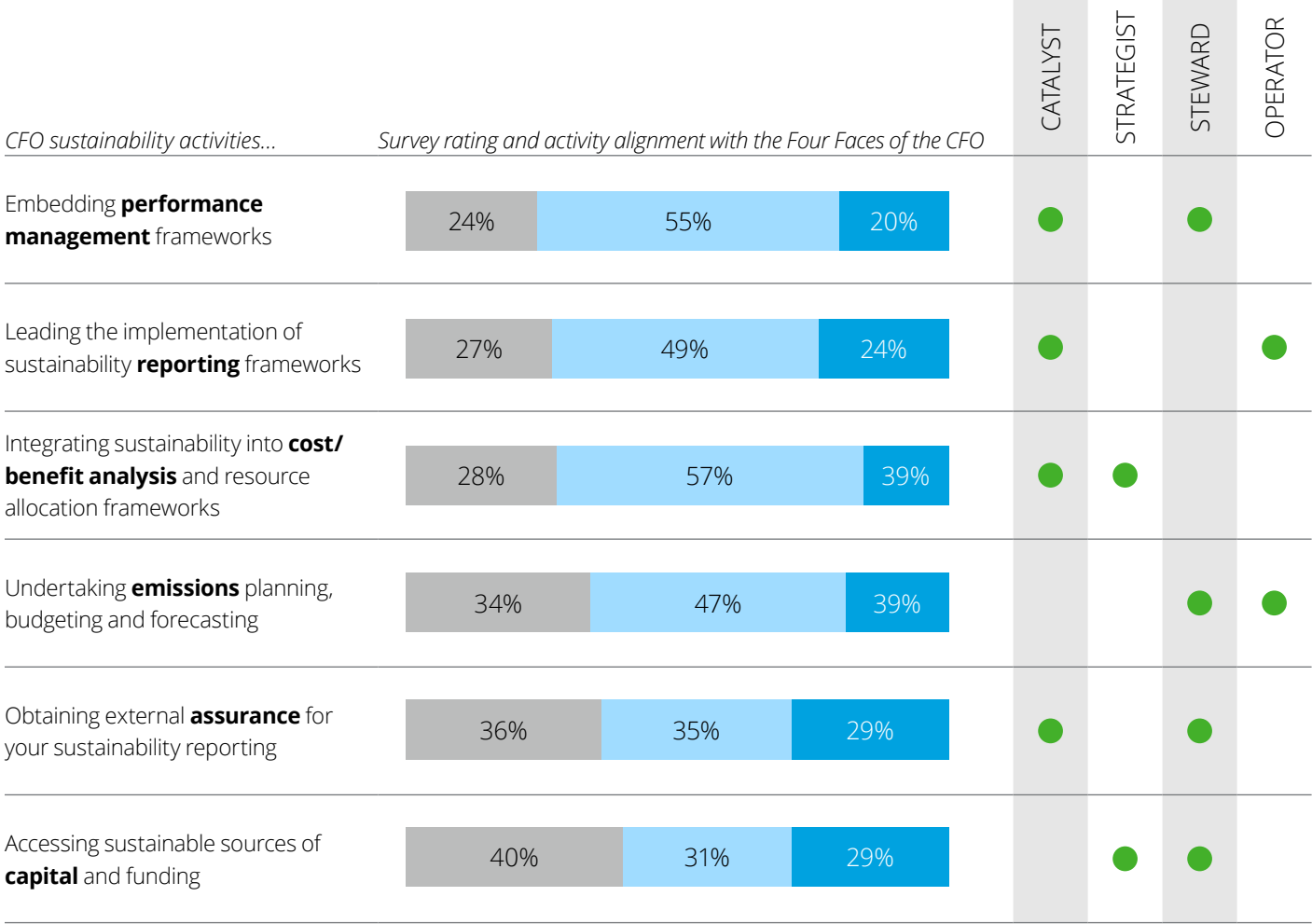
13%

of CFOs reported **at least half** of the activities were **advanced or complete**

...but there is an opportunity for CFOs to take greater leadership to broaden and accelerate their transitions

Key:

- Unsure or not a priority
- Planned or in early stages
- Advanced or complete



The three activities with largest proportion of respondents who answered 'unsure' or 'not a priority'

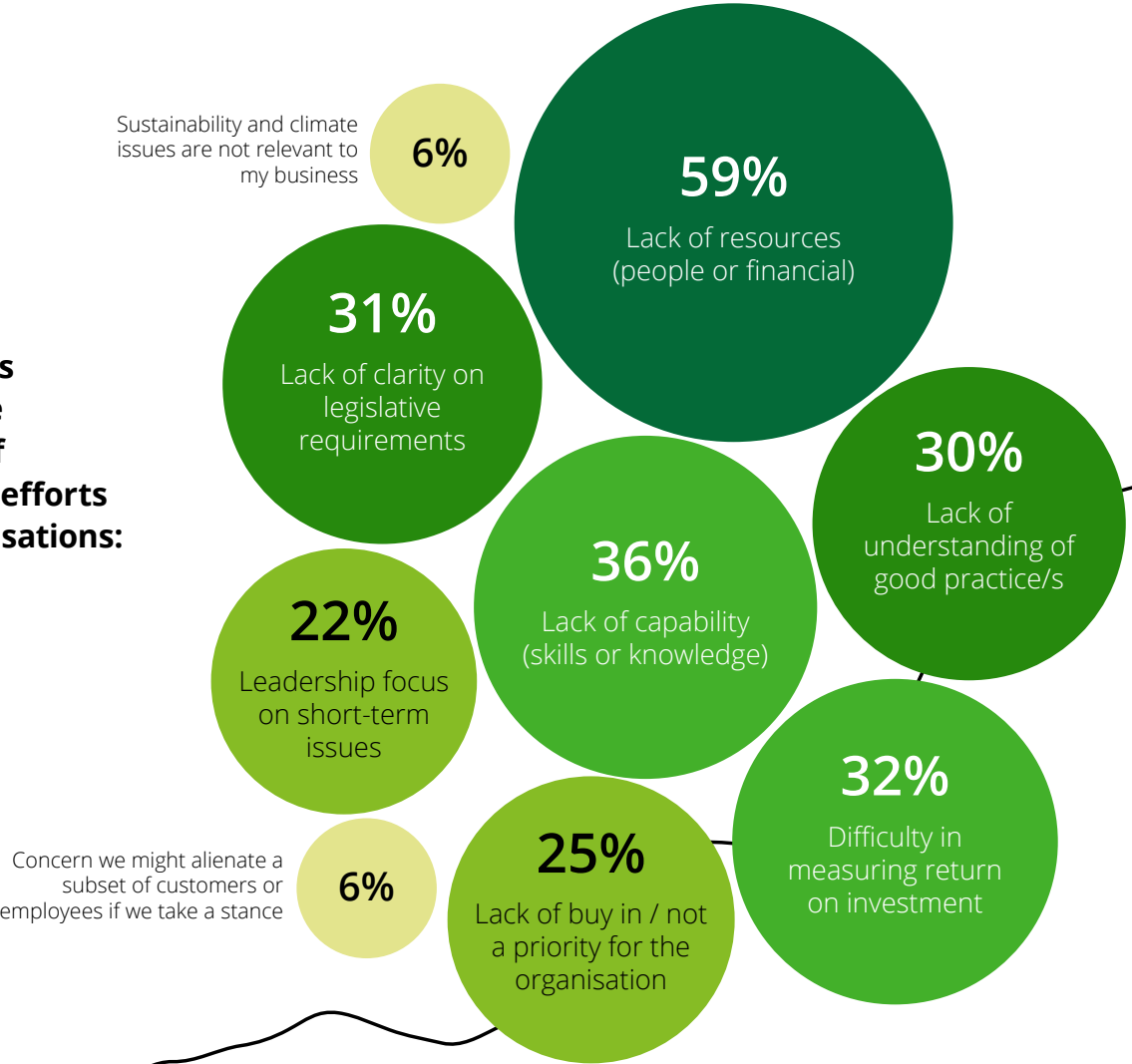
20%

of CFOs reported that at least half (i.e. 7 or more) of the activities were not started



The barriers are not new, but reflect that progression requires new ways of thinking, new skill-sets and new investments

We asked CFOs to identify the top barriers of sustainability efforts in their organisations:



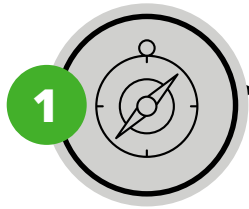
CFO Checkpoint

- Are you able to articulate what is preventing you from progressing and the impact it is having?
- What is it specifically about your barriers that are challenging and what would it take to overcome them?
- Do you have a proposed plan and roadmap for addressing your challenges and the resources required?
- What is the cost of inaction and the value opportunity lost?



Education, connection and communication are essential for progressing on the journey...

Recommendations for addressing the barriers identified:



Finding resources – people or financial

- **Educate your decision-makers** – share articles, resources and training opportunities with them to encourage engagement with sustainability issues, risks and opportunities
- **Communicate the business case** – including risks of inaction, potential value creation opportunities, and current and future compliance requirements
- **Find benchmarks** – point to what your competition and others are doing to validate your case and create a sense of urgency



Enhancing your capability

- **Identify what specialist skills or knowledge you actually need** – do you need to hire or can you outsource or up-skill?
- **Unlock the capabilities that you already have** – talk to your team to understand what skills and interests they have
- **Connect with other CFOs on the journey, or join a sustainability network** like SBC
- **Implement organisational-wide basic training** – everyone should know the fundamentals of sustainability and climate change
- **Strengthen your organisational performance management framework** – integrate sustainability considerations into organisational KPIs, accountabilities and decision-making processes and practices
- **Empower your people** – encourage them to problem-solve, innovate, strategise and be part of the path forward
- **Spark conversation and debate** – share articles and resources and ask for people's reflections
- **Pick a partner** – find an ally in your senior leadership team to up-skill and collaborate with
- **Learn by doing** – just start somewhere



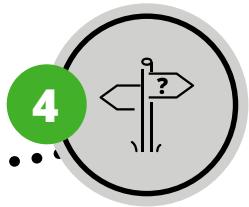
Measuring your ROI

- **Distil and communicate your organisational strategy** – highlight investment opportunities that clearly link to your objectives
- **Use qualitative logic** – create a clear theory of change from the investment through to the value drivers and aspirations of your organisation
- **Assess both value creation and value preservation** – recognising the value of keeping in-step with peers and not falling behind



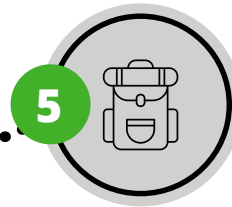
...but the key is aiming for progress, not perfection.

Recommendations continued ...



Managing uncertainty

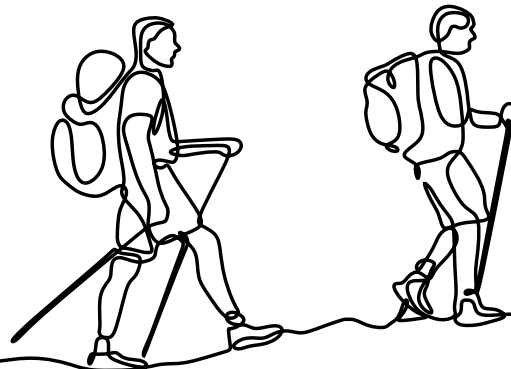
- **Recognise legislative uncertainty is not unique to sustainability and can be a benefit** – we see organisations thriving from acting earlier than their peers
- **Get started now and set compliance functions in place** – there is first mover advantage for compliance functions too
- **Enhance your organisation's agility** – is your organisation responsive and adaptable to seize opportunities and mitigation risks as they arise?



Understanding good practice

- **Talk to your industry peers and engage with groups like Toitū Tahua: Centre for Sustainable Finance or SBC** – share and learn from each other
- **Aim for progress, not perfection** – if we all waited for someone to tell us which way to go, no one would ever go anywhere
- **Connect with external experts** – organisations like Deloitte can provide support and guidance, utilising experience from advising various organisations in their sustainability journeys

Aim for progress, not perfection – if we all waited for someone to tell us which way to go, no one would ever go anywhere



“

The role Finance plays in directly driving sustainability will vary across organisations, **but at a minimum** Finance must use its influence to ensure its business has an operating model that is resilient across the value chain, with the capability to respond and thrive as our climate changes.

Survey respondent

Consider this a check-point for reflection and chart your next steps forward

We hope this snapshot survey and report empowers and encourages CFOs to seize the opportunities available to them to broaden and accelerate their impact. We encourage CFOs to take this moment to reflect on progress, identify some focus areas and plan the next phase forward.

Final CFO Checkpoint

- On balance, how is your organisation progressing on its sustainability journey? Which activities should it **prioritise the progression of to maximise both risk mitigation and value creation?**
- What **few critical actions** can you take in your role to support your organisations journey?
- What **information** and **skills** do you need to take action and who can help you with this?



Recommended resources...	For...
Integrated Reporting Framework and database	Understanding and communicating your end-to-end value creation story – see the database for examples from others
Taskforce for Climate-Related Financial Disclosures and NZ legislation	Identifying and managing climate risks and opportunities
SDGs , GRI , WEF , B Corp , Future Fit	Managing and reporting your sustainability objectives and progress – note each framework has a different focus but there is action to converge .
MfE guidance , GHG protocol	Measuring and reporting on your emissions - particularly check out the GHG Scope 3 Emissions Guidance
Integrated emissions planning and reporting	Integrating your emissions measurement and management into your financial planning
The Ellen Macarthur Foundation	Exploring and implementing circularity and resource optimisation practices
Green Finance Platform	Sustainable finance resources
Sustainable Business Council ; the Climate Leaders Coalition ; the Aotearoa Circle ; Carbon Energy Professionals ; New Zealand Green Building Council	Professional sustainability networks and platforms for collaboration which can provide community events, resources and support.

“
The CFO is in a **unique position** to ensure sustainability is captured with strategy and business plans. It is probably the only role that can ensure it is adopted within a business effectively.

Survey respondent

Key Contributors and Contacts

Please get in touch with any of these organisations for information or support to progress your sustainability journey.

Report authors and key contacts:



Andrew Boivin

Climate and Sustainability Lead, Deloitte
aboivin@deloitte.co.nz



Jayesh Rama

Director, Deloitte
jrama@deloitte.co.nz



Keith Robbins

Partner, Deloitte
keithrobbins@deloitte.co.nz



Monika Wakeman

Director, Deloitte
mwakeman@deloitte.co.nz



Jo Kelly

CEO, Toitū Tahua: Centre for Sustainable Finance
jo@sustainablefinance.nz



Amy Sparks

Manager, Deloitte
amsparks@deloitte.co.nz



Jay Crangle

Manager, SBC
jcrangle@businessnz.org.nz



Ellie Pirrit

Consultant, Deloitte
epirrit@deloitte.co.nz

Other key contributors:

Austen Le Gassick, Courtney Ridden, Gina Cotton, Laura Binnie and Guy Ryan (Deloitte).

Deloitte

Deloitte will meet you wherever you are at on your sustainability journey. We provide expertise across a range of sustainability challenges, including decarbonisation, circularity, supply chain management, sustainable finance and ESG reporting. Our cross-functional Sustainability Team works across our business to ensure unique client challenges are addressed with the right resources from a global network of Deloitte practitioners.

SBC

The Sustainable Business Council (SBC) is a CEO-led membership organisation with over 100 businesses from all sectors, ambitious for a sustainable New Zealand. Members represent more than \$111 billion of collective turnover, 34% of GDP, and more than 179,000 full-time jobs. Our network gives members unparalleled influence and the ability to take large-scale collective action. SBC is part of the BusinessNZ network and is the New Zealand Global Network partner to the World Business Council for Sustainable Development. We also host the Climate Leaders Coalition.

Toitū Tahua: Centre for Sustainable Finance

Toitū Tahua was established by the Aotearoa Circle to deliver the 2030 Sustainable Finance Roadmap for Action – which seeks to achieve a sustainable and equitable financial system, based on three key pillars: Changing Mindsets, Transforming the Financial System and Financing Transformation. Our implementation groups accelerate progress towards this Roadmap for Action, and we invite from collaboration on these from all groups of the finance ecosystem including banks, insurance companies, industry, Māori businesses and Iwi, professional services, civil society, academia, and Government.

Appendix: More detailed questions for your journey

	STRATEGY	IMPLEMENTATION	MANAGEMENT & DISCLOSURE				
	Risk & Opportunity Assessment	Planning & Targets	Mitigation	Adaptation	Value Creation	Governance & Management	Measurement, Reporting & Assurance
	Which issues do we need to pay attention to and why?	What are appropriate goals for our organisation and how do we develop a strategic roadmap?	How do we reduce negative impacts of our activities?	How do we make our organisation more resilient?	What new opportunities can generate value for all our stakeholders?	How do we monitor and manage risk and performance with the right accountabilities?	How do we give confidence in the accuracy of our reporting?
	<ul style="list-style-type: none"> What do our stakeholders care about? What are we dependent on? Where does our organisation have the biggest negative impacts on people or the planet? How will climate change affect our organisation and communities? How can we better understand the current & future risks in our supply chains and services? What do we need to do to keep pace with changing legislation? What will be the turning point/s for our industry? 	<ul style="list-style-type: none"> What are the benefits and costs of action? What are the right targets for different services within our organisation to help us reach net zero emissions? How does our net zero ambition impact our business and operating model? How can we partner with our supply chain and service delivery partners to reduce emissions and improve resilience? How do we ensure alignment with te Tiriti o Waitangi? 	<ul style="list-style-type: none"> How do we reduce both our direct & indirect emissions? What are the abatement costs of various opportunities to reduce emissions? How do we reduce our consumption and waste to landfill? How do we influence the broader ecosystem of emission contributions? How do we enhance visibility of our supply chain in order to take action? How we improve the accessibility and visibility of data to empower behaviour change? 	<ul style="list-style-type: none"> What scenarios analysis do we need to undertake in alignment with the TCFD? How do we align our operations with our evolving strategy? What changes do we need to make to our operating model to prepare for climate impacts? How do we maintain a secure supply chain? How do we protect our organisation from the biggest sources of risk? How do we ensure our staff are engaged and capable of being leaders in this area? 	<ul style="list-style-type: none"> How do we turn decarbonisation transformation into an opportunity to innovate and to better serve our stakeholders? What new products, services and solutions can we develop? How do we adopt the most advanced technology and play a role in our ecosystem? What advanced options exist for greater circularity of resource use? How do we ensure we have the right data and use this to innovate? 	<ul style="list-style-type: none"> How do we ensure that climate and sustainability risks are embedded in our enterprise risk management system? How do we track and understand the impact of our actions and changes? How do we ensure climate related strategy delivery is embedded in operational decision making? How do we establish and codify processes that recognise ESG factors? 	<ul style="list-style-type: none"> How do we report accurately on our climate risk and emissions? How do we verify the alignment of our activities with our commitments? What can we use to enhance traceability from the source? How do we ensure reporting is relevant, complete and sufficiently transparent? How do we ensure reporting meets expectations?

Key sustainability focus areas:



Climate & Decarbonisation



Circular Economy



Sustainable Supply Chains



Sustainable Finance



ESG Reporting



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

Deloitte New Zealand brings together more than 1600 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2021. For information, contact Deloitte Global.