

CFO Imperative Series

Critical answers and actions to reframe your future



How do you transform data into insight?

Reframing finance talent and data analytics to enhance corporate and ESG reporting

Eighth Global Corporate Reporting Survey
December 2021

■ ■ ■
The better the question.
The better the answer.
The better the world works.



Building a better
working world

Contents

Foreword	3
Executive summary	4
1. Accelerating the pace of change in corporate reporting	6
2. Building an enhanced reporting future	16
The way forward	24
About the research	26
EY contacts	27

Foreword

The pace of change in corporate reporting is accelerating fast, putting significant pressure on those responsible for its preparation. In this post-COVID-19 pandemic world, as we confront major societal challenges such as climate change, it is important that the approach to communicating a company's environmental, social and governance (ESG) performance should evolve quickly to earn the trust of stakeholders. Investors and other stakeholders are seeking consistent and credible ESG disclosures on the material issues that help them understand how a company performs, makes decisions and creates long-term value and sustainable growth. This approach, enhancing the quality and scope of corporate reporting – or “enhanced corporate reporting” – is the theme of this latest report, which builds on research that the EY Global FAAS team has conducted annually since 2014.¹

This latest research shows that CFOs, financial controllers and other finance leaders recognize this major shift in corporate reporting. In fact, close to three-quarters of respondents (74%) said they have seen an acceleration in the transition from traditional financial reporting to an enhanced corporate reporting model that encompasses financial and ESG reporting. But, to meet stakeholders' expectations, ESG reporting should mature to have the same level of rigor and relevance as financial disclosures and to better demonstrate the economic impact of different ESG approaches. Without it, it will be difficult to really build trust in what is being disclosed.

However, the research shows there are significant uncertainties over whether that is the case today, and that a disconnect exists between investors and companies on ESG reporting. This is shown in the critical area of establishing materiality. Drawing on additional research from the *EY 2021 Institutional Investor Survey*,² EY teams found that half of investors surveyed (50%) said that the lack of focus on the material issues that really matter compromises how useful company ESG reporting is but, by contrast, only 38% of finance leaders surveyed felt this was a challenge.

My conversations and interactions with finance leaders demonstrated that they recognize these challenges and are beginning to address them. It will be particularly important that they should define what role they and their team play in ESG reporting and focus on material disclosures. At the same time, they should also drive transformation in their teams: building advanced analytics and forecasting capability; changing how they collaborate with other leaders, from boards to chief sustainability officers; and rethinking the finance career path to futureproof talent and skills.

The world faces significant challenges, from building post-COVID-19 pandemic prosperity to addressing major environmental threats. Enhanced corporate reporting can play a central role in helping organizations to navigate turbulence and help to build a sustainable future. I hope this report provides you with interesting insight as together we can help accelerate the transformation of reporting and earn our stakeholders' trust. These insights form part of our CFO Imperative Series, which provides critical answers and insights to help finance leaders reframe the future of their organization. To find more insights for CFOs, visit [ey.com/CFO](https://www.ey.com/CFO).



Tim Gordon
EY Global FAAS Leader

¹ *Connected reporting: responding to complexity and rising stakeholder demands*, EY, 2014; *Are you prepared for corporate reporting's perfect storm?* EY, 2015; *How can reporting catch up with an accelerating world?* EY, 2016; *Can innovative corporate reporting build trust in a volatile world?* EY, 2017; *How can the digital transformation of reporting build the bridge between trust and long-term value?* EY, 2018; *Does corporate reporting need a culture shock? Meeting the transparency expectations of investors and other stakeholders*; EY, 2019; *How can corporate reporting connect your business to its true value? Combining data and enhanced human insight through technology to reveal the full potential of corporate reporting*; EY, February 2021.

² Mathew Nelson. "Is ESG Data Unlocking Long-Term Value?" EY, 3 Nov. 2021, https://www.ey.com/en_gl/assurance/is-your-esg-data-unlocking-long-term-value.

Executive summary

1. Accelerating the pace of change in corporate reporting

Closing the investor disconnect through more financially relevant ESG reporting

Scrutiny of ESG performance has accelerated significantly.

74%

Close to three-quarters of finance leaders surveyed said that the transition from traditional financial reporting to an enhanced reporting model that encompasses financial and ESG reporting has accelerated.

There is a gap between investors and companies on how useful today's ESG reporting is.

50% vs. 38%

50% of investors surveyed said the lack of focus on the material issues that really matter compromises how useful company ESG reporting is, but only 38% of finance leaders surveyed felt this was an issue.

Companies also underestimate investor desire for comparability from consistent standards.

89% vs. 74%

89% of investors surveyed said they would like reporting of ESG performance measures against a set of globally consistent standards to be a mandatory requirement, but this decreased to 74% for finance leaders surveyed.

More attention should be given to people issues as a material driver of value.

5th

When finance leaders were asked to nominate which area of their reporting was most material, people issues, such as diversity and inclusion (D&I), ranked fifth, despite human capital being seen as a key asset for businesses.

2. Building an enhanced reporting future

Rethinking finance's approach to talent, C-suite collaboration and advanced data analytics

Priority one: the future of work, collaborative leadership and talent

CFOs should collaborate and build relationships to drive a cohesive ESG approach.

48%

Fewer than half of finance leaders surveyed regularly interact with chief sustainability officers (CSOs) on the organization's performance against material environmental metrics.

The finance career path should be rethought to futureproof talent and skills.

Number 1

The key barrier to building a pipeline of finance talent is the automation of finance roles and the use of business process outsourcing for traditional finance tasks, which is seen to disrupt the traditional finance career path.

Priority two: advanced data analytics and forecasting

Advanced analytics will be key to extracting ESG insights from data.

Number 1

The critical technology investment priority for finance leaders over the next three years is "advanced and predictive analytics."

Financial planning and analysis (FP&A) needs a reboot to create more agile scenario planning capabilities, but data challenges stand in the way.

Number 1

A major challenge to a more agile FP&A approach is "the sheer volume of external data," and this number one factor is closely followed by "data quality and comparability issues."

The way forward for finance leaders

Play an instrumental role in helping to meet ESG requirements from investors.

Advance the ESG agenda among their C-suite peers.

Take the lead in catalyzing change and driving innovation across operating models, advanced data analytics and talent.



1

Accelerating the pace of change in corporate reporting

Closing the investor disconnect through more financially relevant ESG reporting

A multi-stakeholder capitalism model that can benefit all stakeholders could be key to building a more prosperous and sustainable world.

Enhanced corporate reporting is an increasing imperative, and finance leaders should accelerate its delivery

Corporate reporting has been evolving for many years - particularly with the advent of more integrated reporting and the increasing demands from investors and other stakeholders for better ESG disclosures. However, the COVID-19 pandemic has acted as a major accelerant. Today, a multi-stakeholder capitalism model that can benefit all stakeholders - investors, workers, consumers, suppliers and communities - is seen as key to building a prosperous and sustainable world and addressing global challenges, from climate change to inequality.

Against this backdrop, corporate reporting is increasingly expected to incorporate enhanced and material ESG disclosures alongside other information to show how an organization is driving value for both shareholders and stakeholders. There is increased pressure on corporates to improve their ESG reporting - from equity investors, insurers, lenders, bondholders and asset managers, as well as customers who all want more detail on ESG factors to assess the full impact of their decisions. Organizations and their finance leaders should move quickly to meet stakeholders' expectations and articulate a unique narrative on how they create long-term value. This requirement to embrace a new reality for reporting reflects the role that finance leaders play in protecting, measuring and creating long-term value, and sits at the heart of our CFO Imperative Series, which identifies critical answers and actions to help leaders reframe the future of their organizations.

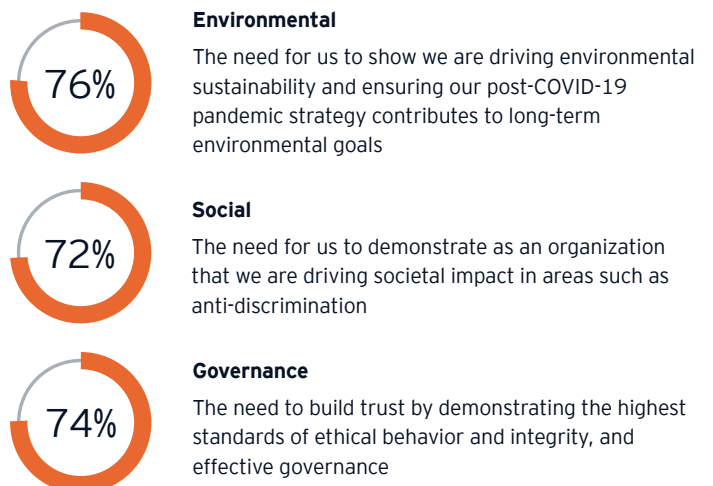
Finance leaders recognize that the strategic context for reporting has fundamentally changed, and that multi-stakeholder capitalism is now the model: 71% of finance leaders surveyed said they had seen a significant acceleration in "the transition from shareholder capitalism to multi-stakeholder capitalism and providing long-term value to shareholders, customers, employees

and communities." As figure 1 demonstrates, this trend has accelerated the requirement to be transparent about performance across all the three pillars of ESG. For example, alongside a focus on environmental and governance issues, 72% of finance leaders surveyed also pointed to the increased importance of social issues, with the past 18 months having shown increasing attention on inequality and other societal issues.

Figure 1: Increasing the requirement to demonstrate performance against ESG factors

Question: To what extent do you agree or disagree that events of the past 18 months - including the COVID-19 pandemic and increasing focus on social inequalities - have accelerated change in the following areas?

Percentage of finance leaders surveyed who said scrutiny of performance against ESG goals has accelerated



Not surprisingly, this increased scrutiny has raised the importance of ESG reporting. The research also asked respondents about the changes they have seen in the importance of external ESG reporting compared with pre-COVID-19 pandemic times. Group CFOs surveyed in particular saw a significant shift:

- ▶ Seventy-two percent said that environmental reporting is more important today than it was before the COVID-19 pandemic.
- ▶ Seventy-four percent said the same of social reporting.
- ▶ Seventy-three percent said the same of governance reporting.

While stakeholder demands for ESG information have increased, including some evolving regulatory reporting considerations in a number of jurisdictions, simply increasing the flow of reporting to stakeholders is not the optimal answer. Instead, organizations should seek a broader vision of ESG that sets out their unique strategies and related narrative, and drives innovation. By focusing on elements that differentiate them from others, organizations could make themselves more attractive to investors, employees and consumers. This enhanced reporting approach should also connect financial disclosures more closely with ESG factors and anticipate changes that lie ahead, such as regulatory changes around ESG information.

“

How well finance and accounting professionals do in the ESG space will define whether we continue to be relevant or consigned to the history books.

Jonathan Bingham
Global Financial Controller, HSBC

HSBC: driving the future of ESG reporting and securing the long-term relevance of finance and accounting

At HSBC - the multinational banking and financial services leader - a focus on sustainable growth is embedded in the organization, and it is committed to high levels of transparency into ESG performance. For Jonathan Bingham, Global Financial Controller, the fact that his finance and accounting team are responsible for ESG reporting is an exciting opportunity, not least to secure the long-term relevance of finance and accounting as a discipline.

“I’m very pleased to be responsible for our ESG reporting,” he says. “I genuinely see this sustainability area as the next industrial revolution and that the transition to the low-carbon economy is going to be a huge driver for all businesses and particularly the financial services sector. As we know, the demise of traditional accountants is often foretold. If we don’t embrace ESG reporting, then frankly we have to question our profession’s purpose. This is an opportunity for us to be a little more forward looking. It’s not without its challenges, but how well finance and accounting professionals do in the ESG space will define whether we continue to be relevant or consigned to the history books.”

“Success will be about trust: we are strategically committed to facilitating the low-carbon economy, but how do we create trust around that? How do we make sure that what we are saying is trusted by our broader stakeholders? The answer is not just about pumping out lots of data. It’s about thinking, ‘what is the currency of trust? What are we doing and why should people believe us?’.”

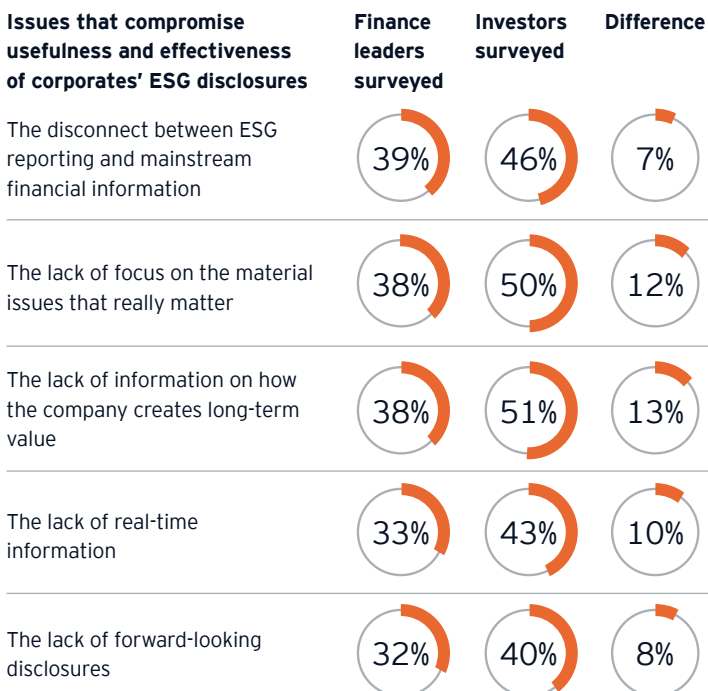
“Part of the answer is about data. One of our early priorities is building a big ESG data utility to create a single view of the truth. We have a collaborative culture at HSBC and it allows us to all see the same information, which is contained in this data utility. This can provide consistency even when you have many individual businesses. We also ran training programs for our finance and accounting people to develop the skills we will need in the future, in disciplines such as climate stress testing. We continue to invest significantly in our own workforce, not least because people with expertise in those sorts of disciplines are very rare out there in the market.”

Closing the ESG reporting gap

There is a gap between how useful companies believe their ESG reporting to be and the views of investors who use it in their decision-making. As figure 2 shows, investors are more likely than finance leaders to be concerned about the usefulness and effectiveness of organizations' ESG disclosures, from the disconnect between ESG and financial information to the lack of real-time information. For example, 38% of finance leaders surveyed said that "the lack of information on how the company creates long-term value" compromised the usefulness of their ESG reporting. However, 51% of investors surveyed said they felt this was a challenge to the effectiveness of company ESG reporting.

Figure 2: Investors are more concerned than finance leaders about the usefulness and effectiveness of companies' ESG reporting

Question: Thinking generally about the ESG reporting your organization discloses, which of these aspects challenges its usefulness and effectiveness?



Note: data is compared with the EY 2021 Institutional Investor survey.³

Closing this gap could be difficult, and finance leaders should seek to have a strong grasp of exactly what information investors find useful and how it can impact their decision-making. However, this can prove challenging, as different investors have their own requirements.

This might explain why finance leaders are so concerned about meeting investor expectations. When the research asked respondents to nominate the main challenge to producing useful ESG disclosures, their number one barrier was "getting clarity from investors on what they want from ESG reporting."

As they look to give investors more useful and actionable ESG information, one area that finance leaders could focus on is the credibility of the information that is provided. That means instilling the same levels of rigor and control in ESG reporting as is employed in financial reporting. It also means making a stronger connection between financial reporting and ESG disclosures; otherwise, it can be difficult to measure the true costs and opportunities for the business. That connection could help businesses to rethink how they use ESG data to inform strategic choices, drive innovation and articulate how they create long-term value.

Tim Gordon, EY Global FAAS Leader, believes we are at a tipping point where the closer involvement of finance in ESG reporting will help create greater levels of trust. "Once financial controllers are set a direction when it comes to ESG reporting, they will do their best because they are motivated by providing quality data to the investment community," he says. "It happened to be financial in the past. It's going to be nonfinancial in the future. And they will only provide data that they're happy with. Until now, investors have used their own externally sourced ESG data because they didn't always have complete trust in all of the nonfinancial disclosures that were provided. But now, if it is controllers putting out the information, it will be trusted by the investor community. That, along with progress on universal ESG reporting standards, will finally create ESG data that is trusted."

³Bell, Dr. Matthew J., and Mathew Nelson. "Is ESG Data Unlocking Long-Term Value?" EY, 3 Nov. 2021, https://www.ey.com/en_gl/assurance/is-your-esg-data-unlocking-long-term-value.



The finance community is made up of values-based people who really care about sustainability issues.

Graham Baker

Group Finance Director, Jardine Matheson

For the global controller at an Americas-based provider in the higher education sector, finance leaders should think about how ESG reporting can differentiate the organization. “As you look at what you report when it comes to ESG, you need to assess what framework you want to use and whether you use an existing ‘off-the-shelf scorecard’ or develop your own framework,” he says. “We are in the education business and one of our main missions

is to provide access to education and improve people’s lives. It’s an outcome-based model that prepares students to become employed in marketable professions and better their family’s lives. So we need to think about how we can most effectively communicate that as a differentiating factor and what framework we use to measure it.”

Jardine Matheson: why the finance function has the capabilities and the passion to drive transparency into sustainability and ESG performance

Jardine Matheson – a diversified Asia-based group – was founded in China in 1832, and it sees sustainability and ESG performance as key to the next chapter in its history. It is pursuing an ambitious sustainability strategy that tackles three areas: leading climate action, driving responsible consumption and shaping social inclusion.⁴ With group-level governance oversight coming from a cross-functional Sustainability Leadership Council (SLC), Graham Baker, Group Finance Director, outlines how the finance function will play a key role in performance transparency.

“2021 is the first year where Jardine’s will bring together – across our diverse portfolio of businesses – a core set of sustainability metrics that we will report externally in our first Sustainability Report,” he explains. “This reporting initiative, which will become the foundation for setting strategic targets and monitoring progress, is very familiar work for the finance function to lead. Finance people can communicate and work with teams across the business. They understand the practicalities of areas such as gathering data that are credible and relevant. They can drive the strategic conversation around where we want to get to as a business. And finally, the finance

leader is often involved in talking to external stakeholders such as investors, so, as well as communicating the metrics outwardly, they are also listening to the messaging back and are sensitive to the needs of shareholders.

“But this is not simply a conversation about ‘what do we report?’ Our business has been around for 189 years and sustainability, in its broadest sense, is at the heart of our values. We recognize that, in serving our customers across Asia, it’s important that we participate in society in a way that is helpful and contributes. So we have deliberately tried to get away from a circular conversation around ‘what do we want to report?’ Instead, we are using the conversation as a driver of change.

“This values-based approach also reflects that the finance community is made up of values-based people who really care about sustainability issues. One of the people who is leading our metric collection exercises is a female member of our group audit team who is very passionate about climate and environmental matters. And it’s not just the younger generations who care about the impact that we’re having on our community or environment. Finance people are, after all, human beings who want to be involved in helping shape the business for the long-term.”

⁴“Sustainability.” Jardine Matheson, <https://www.jardines.com/en/sustainability>.

ESG reporting standards can be crucial to assessing long-term value

Finance leaders and investors agree on the importance of increasing the rigor of ESG reporting by introducing - and even mandating - standards that are common to financial reporting and assurance.

However, investors, as the users of reporting, are more bullish about the requirement for consistent and mandated standards than finance leaders are as preparers (see figure 3).

Figure 3: Investors are more likely than finance leaders to want more stringent initiatives to be part of nonfinancial reporting

Percentage who said the following initiatives would be helpful

Policy-makers developing consistent standards for measuring and communicating ESG performance, similar to the major accepted standards in place for financial reporting



Mandating reporting of ESG performance measures against a set of globally consistent standards

Mandating independent assurance around reporting of ESG performance measures



Note: data is taken from the 2021 EY Corporate Reporting Survey⁵ and 2021 EY Institutional Investor Survey⁶

Investors' desire to move to consistent standards and credible, comparable disclosures could reflect their frustration with current disclosures. At the moment, nonfinancial and ESG reporting is characterized by an "alphabet soup" of standards, with companies favoring a particular model based on its relevance to their sector and business model:

- ▶ Forty-six percent of finance leaders surveyed said the "sustainable value creation" measurement and reporting initiative from the World Economic Forum (WEF) and its International Business Council (IBC) is one of the most useful initiatives.
- ▶ Forty-one percent of finance leaders surveyed favored the Value Reporting Foundation (VRF) approach, which is the merged approaches of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB).

Today, more than 20 years on from when financial reporting reached agreement of international accounting standards, there is progress toward global standards for ESG factors. On 3 November 2021, at the 2021 United Nations Climate Change Conference (COP26), the International Financial Reporting Standards (IFRS) Foundation announced it will create a new board - the International Sustainability Standards Board (ISSB) - which will be tasked with creating a single set of standards "to meet investors' information needs." The IFRS Foundation also said there was commitment by leading investor-focused sustainability disclosure organizations to consolidate into the new board. The Foundation will complete consolidation of the Climate Disclosure Standards Board (CDSB - an initiative of CDP, formerly the Carbon Disclosure Project) and the VRF⁷.

While it will take time for the standards to be developed and for national regulators to decide when and how to adopt them, Andrew Davies, EY Global Enhanced Corporate Reporting and Accounting Leader, FAAS, points out that finance leaders can seize an advantage by getting on the front foot with their approach. "As finance teams move into preparing their action plans for adoption of the standards, one challenge may be that gathering the required data from across the organization could be resource-intensive and involve significant manual processes, which in turn raises the risk of human error and inconsistency," he says. "It would be hugely inefficient and potentially impact the morale of finance in having to complete this task. Utilizing

⁵Gordon, Tim. "How do you transform data into insight?" 8th Global Corporate Reporting survey; EY; November 2021.

⁶Bell, Dr. Matthew J., and Mathew Nelson. "Is ESG Data Unlocking Long-Term Value?" EY, 3 Nov. 2021, https://www.ey.com/en_gl/assurance/is-your-esg-data-unlocking-long-term-value

⁷"IFRS Foundation Announces International Sustainability Standards Board, Consolidation with CDSB and VRF, and Publication of Prototype Disclosure Requirements." IFRS, 3 Nov. 2021, <https://www.ifrs.org/news-and-events/news/2021/11/ifrs-foundation-announces-issb-consolidation-with-cdsb-vrf-publication-of-prototypes/>.

As well as finance leaders themselves, finance teams are also playing an increasingly central role in ESG reporting.

advanced tools that can search structured and unstructured data could overcome this challenge. By reducing manual review and data extraction time, finance could then free up teams to focus on particularly complex areas of ESG reporting. Overall, getting ahead of the game could ultimately result in better systems, processes, controls and most importantly improve the quality of data reported.”

How to define the role of finance in ESG reporting

To address the reporting gap, finance leaders should define what role they and their team should play in ESG reporting.

In the 2020 EY Corporate Reporting Survey,⁸ 63% of finance leaders surveyed said that ESG reporting was a “significant” or

a “very significant” part of their role and responsibilities. Today, this has increased to 70% of respondents. There has also been a significant increase in the number of finance leaders surveyed (33%) who said that it was a “very significant” part of their role - compared with 24% of respondents in 2020 (see figure 4).

As well as finance leaders themselves, finance teams are also playing an increasingly central role in ESG reporting, as figure 5 shows. Only 5% of finance leaders surveyed said that their finance teams played no role at all in ESG reporting, with 95% of finance leaders surveyed stating that their finance teams played some sort of role. This includes 34% of finance leaders surveyed who said their finance teams played a very significant role, spanning from collecting the data to providing assurance (see figure 5).

Figure 4: Finance leaders are increasingly involved in ESG reporting

Question: How significant is ESG reporting to your own role and responsibilities?

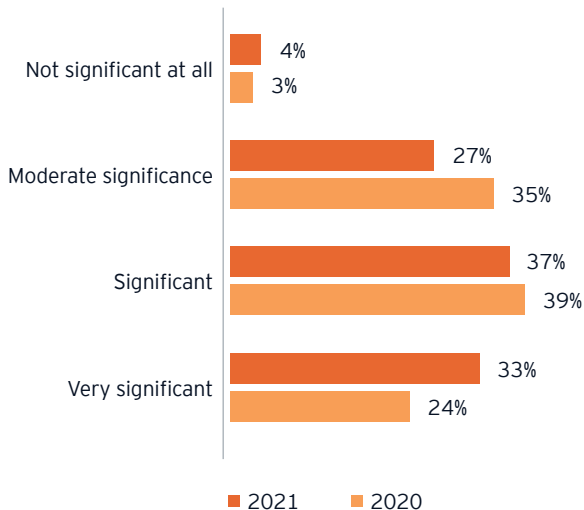
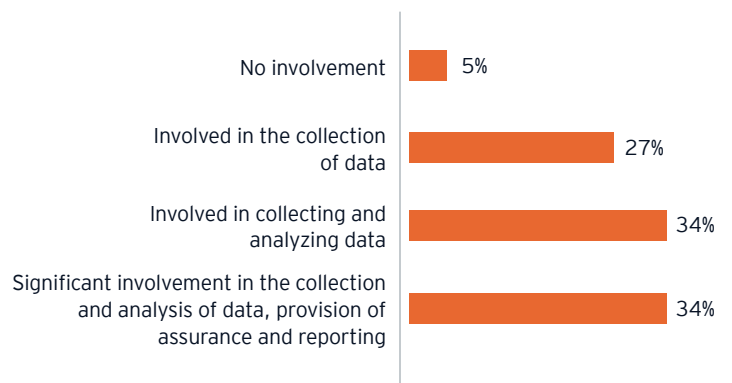


Figure 5: The vast majority of finance teams are in some way involved in ESG and other nonfinancial reporting, such as directors' reports

Question: How involved is your finance team in ESG and nonfinancial reporting?



⁸Gordon, Tim. “The CFO Imperative: How Can Corporate Reporting Connect Your Business to Its True Value?” EY, 23 Feb. 2021, https://www.ey.com/en_es/assurance/how-can-corporate-reporting-connect-your-business-to-its-true-value.



High-quality financial reporting is paramount to the fully functioning capital markets.

Dan Murdock

Executive Vice President, Chief Accounting Officer
and Controller at Comcast Corporation

For Bob Decker, Vice President Corporate Controller & Chief Accounting Officer at Johnson & Johnson, the role of finance in ESG should not be constrained to offering specific expertise in areas such as reporting, but also encompass a strategic ESG remit. “We are being asked to play a role in terms of the organization’s overall ESG approach and how that sits with the strategy,” he explains. “Of course, we also offer significant expertise in the reporting and control aspects. We are essentially going down the path that any metric that we’re putting out there in the future has to be a fully auditable metric, just like we do for anything that we report through our financial metrics. So that’s one area where finance is playing a really big role, but it’s not limited to just reporting and we are playing an overall strategic role as well.”

John Jacob, Senior Vice President & India CFO, of Tata Consumer Products - the India-headquartered consumer products group - outlines how advances in the digitization of finance can allow the function to play a forward-looking, strategic role in the ESG agenda. “The backward-looking number-crunching that finance did in the past is increasingly automated,” he says. “This frees up time for finance to be more forward-looking and focus on more complex and judgmental areas and on how the organization de-risks itself. Automation and other systems changes are allowing us to focus on these areas - moving away from the routine and focusing on complex issues that are of strategic importance to the organization, like ESG. It is really about understanding the wider business context, with finance partnering with the business to grow and structurally de-risk itself.”

A mature approach, whereby finance teams have a significant end-to-end role in ESG reporting, can depend on the size of the organization. In large organizations (with annual revenues of more than US\$10b), 43% of finance leaders surveyed said their finance team played a more significant role. This decreases to 25% of finance leaders surveyed for organizations with revenues

below US\$5b. This might reflect the fact that larger organizations can usually dedicate more people, resources and technology investment to ESG reporting.

For Myles Corson, EY Global and EY Americas FAAS Strategy and Markets Leader, taking on the ESG reporting responsibility involves finance leaders also thinking about the transformation of their finance operating model. “There’s clearly a lot of work required to inject rigor into ESG reporting processes,” he explains. “That’s about how you establish the processes and the controls so it’s closer to the quality benchmark of financial reporting. You also have ESG information coming from a much more diverse set of sources, and you have to understand where all this source information is coming from. Given the effort required, finance leaders need to also think about the operating model. For example, greater automation of day-to-day finance processes should free their people up to focus on these ‘higher value’ ESG tasks. Putting in place the right technology is also important, as is making strategic use of outsourcing and managed services. For a lot of finance professionals, this involvement in ESG reporting could be an opportunity to reinvent themselves and pivot into a new and exciting area. But allowing people that opportunity will require significant operational transformation.”

For Dan Murdock, Executive Vice President, Chief Accounting Officer and Controller at Comcast Corporation, finance’s role in ESG reporting is about the importance of integrity and trust in corporate reporting as a whole. “High-quality financial reporting is paramount to the fully functioning capital markets,” he says. “One potential risk that needs to be recognized is whether if organizations and their finance functions pivot more to ESG reporting, that they don’t take their eyes off the need for high-quality financial reporting. That is a risk that we all have to manage and pay very close attention to. And that responsibility extends across the reporting food chain: regulators, standard-setters, auditors and preparers. In other words, every one of us.”



“

There is market momentum in terms of investors embracing ESG factors but also a cascade down through the organization from boards and CEOs to CFOs.

Marc Siegel

EY Americas Corporate and ESG Reporting Leader,
Financial Accounting Advisory Services

In the US, finance leaders are playing a stronger role in ESG reporting

In the past, there was a common perception that Europe was ahead of the US in driving sustainable business practices through ESG principles. But this research shows that ESG reporting is now a major part of US finance leaders' roles and that the position in the US exceeds a number of major European economies:

Percentage of finance leaders surveyed who said **ESG reporting is a significant part of their role**

U.K.	U.S.	France	Germany
83%	78%	73%	55%

“Boards and their audit committees are increasingly paying attention to ESG issues,” says Marc Siegel, EY Americas Corporate and ESG Reporting Leader, Financial Accounting Advisory Services. “They are asking management and the finance people, ‘What are you doing around ESG?’.

“As a result, finance functions are increasingly engaging with ESG as a critical reporting topic,” he adds. “They are benchmarking their approach against others, and realize they should step up their game. There is market momentum in terms of investors embracing ESG factors but also a cascade down through the organization from boards and CEOs to CFOs. That in turn is cascading down from CFOs to controllers, who are then responsible for having to put in place the processes and controls and the ‘plumbing’ to make credible and trusted ESG reporting happen.”

—

Innovation performance is seen as driving tangible value and growth by developing new value propositions and launching new products and services.

Which area of ESG reporting is considered to be more material, and is enough attention being paid to D&I?

The research asked finance leaders to consider their ESG reporting and nominate which area is most material when it comes to organizational performance and long-term value.

The areas identified were:

1. Innovation performance (23% of respondents)
2. Social issues, such as employment and wealth generation (22% of respondents)
3. Governance issues, such as ethical behavior and anti-corruption, including whistleblowing and treatment of personal data (20% of respondents)
4. Environmental issues, such as climate risk (18% of respondents)
5. People issues, such as D&I (16% of respondents)

Note: numbers do not add to 100% because of rounding.

This could reflect the fact that innovation performance is seen as driving tangible value and growth by developing new value propositions and launching new products and services.

People issues, such as D&I, sit in fifth place. This raises the question of whether enough attention is given to this area, given that human capital is seen as a key asset for the business. It perhaps reflects that this is an area that is difficult to measure. It could also reflect the requirement for finance to

place more emphasis on softer people issues and skills, given that finance executives are more typically defined in terms of their “left-brain” approach to rational, analysis-based decision-making rather than “right-brain” capabilities. In the EY 2020 DNA of the CFO study, when CFOs were asked to identify two personal and leadership attributes that were critical to their future success in the role, only 5% of respondents stated “emotional intelligence” as a top choice, even though it is seen as an important component in empathetic communication and inspiring and motivating people.⁹

Human capital issues are also increasingly important in terms of reporting. In the US, for example, the Securities and Exchange Commission (SEC), when it streamlined the requirements for business, legal proceedings and risk factor disclosures under Regulation S-K, introduced an important new requirement: registrants will now have to provide a description of human capital resources to the extent material to an understanding of their business.¹⁰ This raises a number of questions, particularly around the challenges of measuring human capital and producing credible reporting. For example, reporting teams should understand where in the organization relevant human capital data resides, and what controls are necessary to make sure that measures are calculated consistently or that any changes to the methodology are disclosed.

⁹Corson, Myles, and Tony Klimas. “How Can the CFO Evolve Today to Reframe Finance for Tomorrow?” EY, 3 Nov. 2020, https://www.ey.com/en_gl/assurance/how-can-the-cfo-evolve-today-to-reframe-finance-for-tomorrow.

¹⁰“How to Approach the SEC’s New Human Capital Disclosures.” EY, https://www.ey.com/en_us/assurance/accountinglink/how-to-approach-the-sec-s-new-human-capital-disclosures.



Building an enhanced reporting future

Rethinking finance's approach to talent, C-suite collaboration and advanced data analytics

Hybrid working models look set to dominate the finance working environment.

Priority one: the future of work, collaborative leadership and talent

The future of finance work

The world of work was already changing fast before the COVID-19 pandemic, as cloud computing, automation and other technologies transformed how work was done. However, the COVID-19 pandemic's acceleration of virtual working has also led to changes in approaches and attitudes to work, as leaders look to build an agile, people-focused operating model. As many organizations were forced to move quickly to remote working, cloud-based platforms and solutions became increasingly important, with organizations having to fast-track existing cloud migration plans.

In this research, and as figure 6 shows, more than half of finance leaders surveyed (56%) see a future based on hybrid working models, with 23% of finance leaders surveyed pursuing a fully remote approach. Finance leaders clearly feel the disruption to traditional ways of working has changed things for the long-term.

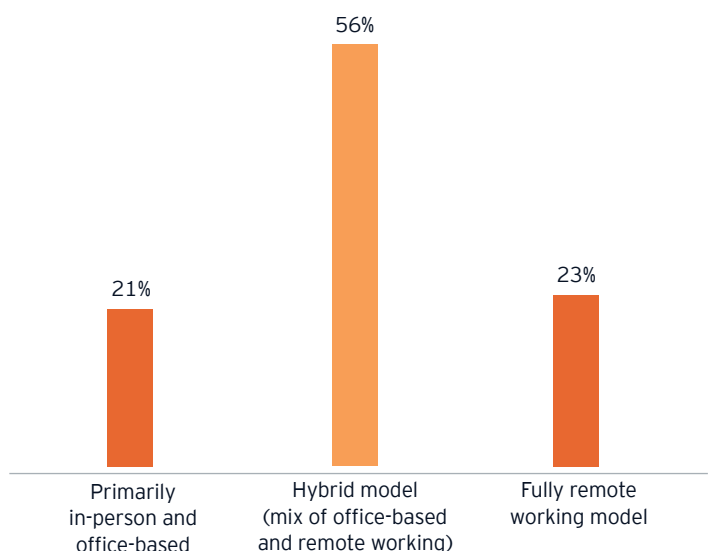
The research asked respondents to identify which COVID-19 pandemic-era innovations they thought had provided the most significant gains. The number one area was "more flexible work arrangements for finance people, utilizing remote working models and virtual working."

At an Americas-based organization in the higher education sector, the global controller outlined how a work-from-home model can be easier to deliver when a cohesive finance team was already in place pre-COVID-19 pandemic. "As a company, we have embraced an indefinite work-from-home policy, which has been very well received by our people, who appreciate the work-life balance"

he explains. "However, I do have a very seasoned team around me. They're very experienced, they know their jobs and how to meet their deadlines, and so they don't need me down the hall checking up on them. Having an existing team of great people who know the company well has been very helpful. But if we were in a different situation, I do think it would be hard to onboard a significant number of new employees in an environment geared mainly to work from home."

Figure 6: Hybrid working models look set to dominate the finance working environment

Question: Thinking about your core finance team, what will be the dominant model for post-COVID-19 working practices in the future?



“While it’s also helpful to have a seasoned team when it comes to thinking about controls in a virtual environment, it’s not enough on its own. It can be a mitigating factor in terms of reducing your risk level, but you certainly need to still be on top of your key controls. So we have a strong internal audit and internal controls function, and it’s something that we focused on as we transitioned to this remote environment.”

Mike Wright, EY Asia-Pacific Assurance Leader, points out that the increasing prevalence of virtual working will require finance leaders to put more focus on talent and skills development, given that finance skills are often developed through working side by side with a more senior mentor. “When you move to a more virtual world, even if it’s a 50/50 split between home and office, coaching and development of people is a very different challenge when you’re not with them all day,” he says. “Finance leaders need to think about what employee proposition they offer to ensure that finance and accounting is something that talented people want to pursue. But as well as attracting talent, you will need to retain and develop them. That is going to be more difficult when you don’t have them ‘captive’ and sitting under your wing five days a week. It is going to require a significant rethink of counseling and coaching and development. This is going to be a really critical issue for finance leaders: the job of a CFO is challenging, but even harder if you don’t have talented people working for you.”

In previous research, finance leaders have indicated there was resistance to change and a lack of innovation culture in the finance function. The *EY 2020 DNA of the CFO survey*, for example, found that 71% of finance leaders surveyed felt that “traditional back-office behaviors and mindsets in finance are slowing the modernization of the function.”¹¹ So the disruption to traditional ways of working that came along with the COVID-19 pandemic could be seen as positive, bringing about new expectations, changing people’s behaviors and freeing finance team members from old habits and assumptions.

For Tata Consumer Products’ John Jacob, the challenge for finance functions is to maintain, for the long-term, the COVID-19

pandemic era’s focus on innovation and a willingness to challenge established assumptions. “One of the most important aspects to emerge from the pandemic was the cultural mindset,” he says. “When the pandemic first hit us it brought significant uncertainty: how would the business operate and how would finance support it? And in fact we came out of it pretty well and there is now renewed confidence and a sense of resilience in the finance team. We began a significant ERP implementation in August 2020 and completed that by end of February 2021. We supported the business as it underwent significant change and supported the integration of a major acquisition. We also worked effectively in a remote environment. While it takes a pandemic to really force you to think whether you can do things differently, now we need to continue to think differently as part of our culture and challenge assumptions and traditional ways of doing things.”

When it comes to future ways of working, striking the right balance will be important, and finance leaders should also be helping to provide the controls that are fit for the remote working environment, digitizing processes and stepping up communications to reinforce the appropriate behaviors.

For Comcast’s Dan Murdock, the move to virtual working will also require finance leaders to be sensitive to, and mindful of, the well-being of their people. “I think there have been gains to virtual working,” he says. “Virtual meetings can be more productive, both in terms of people feeling comfortable in raising their hands and in terms of people letting others finish their points. But there is also the question of how connected people feel and therefore how happy and engaged they are. I can tell you that we are more productive than we have ever been, but there is research showing people in some companies are not as maybe happy as they were before. For finance people, without say the backing of an HR background, this could be a tougher area to deal with, but we have to be mindful of the potential impact on people’s well-being.”

Libby Hacker, EY Americas People Advisory Services Finance Leader, outlines how flexibility in the work experience will be critical to attracting, retaining and motivating the best finance

¹¹Corson, Myles, and Tony Klimas. “EY 2020 DNA of the CFO Data Insights: How the CFO Can Balance Competing Demands and Drive Future Growth.” EY, 3 Nov. 2020, https://www.ey.com/en_gl/assurance/how-the-cfo-can-balance-competing-demands-and-drive-future-growth.

Collaboration will likely be important in driving effective ESG reporting, and demonstrating the economic impact of different ESG strategies and related targets to investors and other stakeholders.

talent. “According to recent global research EY teams conducted, which explored the views of more than 16,000 employees across the world, 54% said they would consider leaving their job post-COVID-19 pandemic if they are not afforded some form of flexibility in where and when they work,”¹² she explains. “While there are many issues a finance leader needs to think about when it comes to achieving a balance across an in-person, hybrid, or digital experience - from culture to digital investments - it’s clear that flexibility needs to be front and center of your finance talent strategy. This is not only flexibility in where people work, but employees are also looking for flexibility in when they work. For many finance leaders, defining the future of work will require a rethink of operations, conceptions of productivity, and culture.”

CFOs should collaborate and build relationships to drive a cohesive ESG approach

Collaboration will likely be important in driving effective ESG reporting, and demonstrating the economic impact of different ESG strategies and related targets to investors and other stakeholders. A significant amount of ESG data is owned and controlled by different areas of the business rather than being under finance’s control, which can involve cooperation and collaboration between finance and other leaders and functions. However, the *2020 EY DNA of the CFO survey* found that many finance leaders had more to do in terms of enhancing relationships with their fellow C-suite peers. For example, while the research highlighted that CFOs have stronger relationships with IT and operations teams, 52% of respondents reported limited or no collaboration with the chief human resources officer (CHRO), and 44% of respondents surveyed said the same of their relationship with the chief marketing officer (CMO).¹³

Finance leaders recognize the importance of providing investors with the joined-up picture they desire. When asked to identify the most valuable contribution they could make to measuring and reporting on ESG performance, the CFO respondents’ most valuable area was “helping to provide strong connections and consistency between nonfinancial information and financial

reporting disclosures.” This integrated approach can also help investors understand and companies demonstrate how ESG is embedded into the wider culture and fabric of the organization.

This “connector” role - with finance leaders bringing together different information from across the enterprise into a coherent reporting framework - will likely require finance leaders to work closely with the owners of important pieces of ESG information. For environmental performance, for example, the finance leader should work with sustainability leaders and operations or supply chain executives to understand more about the company’s utilization of natural resources and the effect of its activities on the environment, both in its direct operations and across its supply chains. And, as well as gathering the reporting insight, they should work closely with the CEO and the board to advance ESG, and sustainability performance management and oversight, as important strategic topics and a critical part of the organization’s performance reporting.

Helene Siberg Wendin, EY Global FAAS Deputy Leader, believes that collaboration between finance and internal experts in the sustainability domain will be critical. “Responsibility for ESG reporting will fall to the CFO because of the need to report to the board and audit committee,” she says. “But, having said that, in many large companies there will be a head of sustainability who also has significant responsibility in this area. Collaboration between finance and sustainability leaders will be critical to answer some complex questions about ESG factors, such as what is our risk or what is material for us as a business? It needs to start with a dialogue between the CFO and the head of sustainability about the risks they are seeing but also the ambition level with reporting. That, in turn, could require discussions with the board and other stakeholders. So, overall, significant collaboration is going to be required.”

As figure 7 (page 20) shows, finance leaders are routinely meeting with a range of colleagues who “own” aspects of ESG performance, as well as external stakeholders who use or influence ESG reporting.

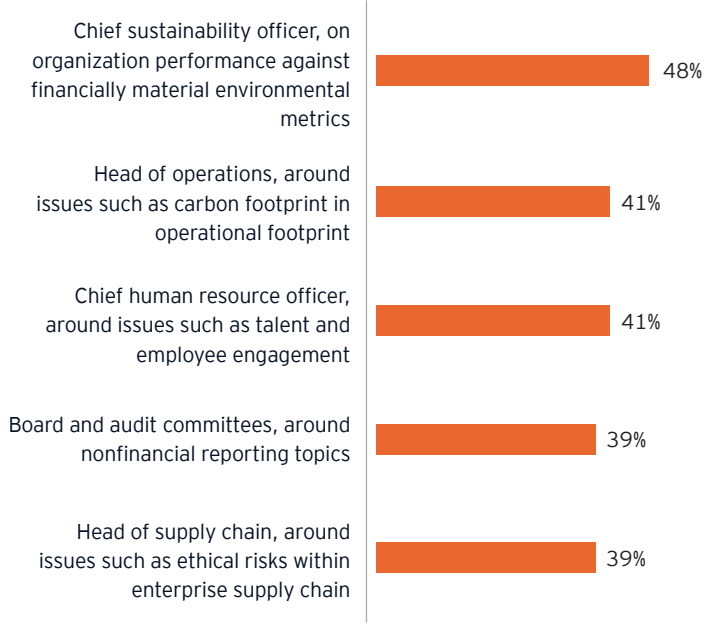
¹²Feinsod, Roselyn, and Le Tourneur, Sarah. “Has technology bridged the physical divide?” EY, Apr. 2021, https://www.ey.com/en_gl/workforce/has-technology-bridged-the-physical-divide.

¹³Corson, Myles, and Tony Klimas. “How Can the CFO Evolve Today to Reframe Finance for Tomorrow?” EY, 3 Nov. 2020, https://www.ey.com/en_gl/assurance/how-can-the-cfo-evolve-today-to-reframe-finance-for-tomorrow.

Figure 7: Finance leaders are working with a broad cross-section of stakeholders

Question: Over the past 12 months, have you had any significant interactions with the following internal and external stakeholders in terms of measuring or disclosing nonfinancial or ESG performance or risks?

Internal stakeholders



External stakeholders



Futureproofing talent and skills

The past 18 months have seen a significant acceleration in digital transformation as organizations moved quickly to embrace changes ranging from virtual working to increasing use of digital channels by customers. Against this backdrop of accelerated technology innovation, the research identified technology and data skills that were seen as important to the future of the finance team. When the research asked finance leaders to look ahead over the next three years and nominate the skills that would be important for their finance people to succeed in their roles, "understanding of advanced technologies" and "data analytics" emerged as the top two priorities respectively.

So what approach should CFOs take to build finance teams with the right skills for the future? They should draw on a range of tactics - from strategic hiring of essential specialist skills, such as Artificial Intelligence (AI) knowledge and experience, to upskilling their existing workforce.

Upskilling finance professionals in these sorts of skills can be a major undertaking. Finance leaders should anticipate what digital skills their functions and organizations are likely to require, which can be complicated by the speed of technology innovation. And they should also feel comfortable that their learning and development function is appropriately positioned to provide the necessary upskilling program.

Finance leaders should draw on a range of tactics – from strategic hiring of essential specialist skills, such as AI knowledge and experience, to upskilling their existing workforce.

Finance leaders can start with an area that they already have deep knowledge in: building the investment case for a major upskilling exercise - not just of finance staff but of the whole organization. They could make a business case that sets out the tangible return this investment will generate, and the manner and timeline for when the company can expect to see a return on the investment.

Dave Helmer, EY Global Tax and Finance Operate Leader, believes finance leaders must transform their operating models to react to the intense pressure created by increasingly complex talent challenges, legislative and regulatory change and cost management measures. "Finance and tax leaders are looking to shift their focus from routine data-driven and rules-based compliance activities to more strategic areas such as planning and tax controversy management" he says. "But they face significant challenges in making that leap. Having a sustainable plan for talent, data and technology is difficult when the talent and technology landscapes are constantly evolving. Building the right skills and capabilities in the team is challenging when organizations can struggle to find people with the right skills and then retain them by providing attractive career paths. Given that many finance and tax leaders are also under pressure to drive more cost efficiency, and are working in an increasingly complex regulatory environment, then thinking innovatively about the operating model is critical, including co-sourcing more routine, compliance-focused tasks to a third party to allow the company professionals to focus on strategic activities, and thus be a value-added partner to the business. An important first step is taking a fresh look at the organization's priorities around cost efficiency, value creation and risk management to understand how finance and tax contributes to the overall business strategy and begin to understand what mix of in-house and co-sourcing will help ensure finance is a value-added partner to the business."

Finance careers: from a ladder to a flexible pathway

Some finance skills are foundational. For example, the necessity for finance executives to have deep knowledge in areas from controls to accounting and reporting are unchanging. But the career path - from entry-level talent to financial controller or CFO - has seemingly changed.

The research asked finance leaders to specify their top challenge when it comes to building a pipeline of talented people in important finance roles with the right skills. The key issue that emerged was that "the automation of finance roles and the use of business process outsourcing for traditional finance tasks are disrupting the traditional finance career path." Foundational finance processes are now done by machines rather than humans, which means that a traditional learning experience has been removed. Organizations should build a close understanding of the impact of digital technologies on learning and development, and how the next generation of talent can build foundational financial skills by rotating through different finance teams, as well as access to education and qualification opportunities.

At the same time, automation is a key opportunity when it comes to skills and career development. By taking on routine finance tasks, automation can free up team members to focus on more value-added finance services, such as scenario modeling. These sorts of high-value finance services will demand new skills from finance people, from technology fluency to effective data "storytelling."

To build these new competencies, finance leaders should set out a new career pathway for high-potential finance talent. This will likely be nonlinear and nontraditional: for example, giving future leaders the opportunity to learn other important skills - such as technology fluency or commercial acumen - through projects and secondments to other parts of the business, such as IT or market-facing roles.

At Johnson & Johnson, Bob Decker explains how rotations have become a key talent development initiative for finance in this large, global organization. "We continue to have a very robust rotational program at Johnson & Johnson," he says. "Part of our 'secret sauce' for development is for our people to move around within the different businesses or different disciplines, such as R&D or supply chain. We want to make sure that we have those experiences out there for our people and they continue to add critical skills to their toolkit. And while people may not get some of the hands-on experiences we had in the past around finance processes that were more manual in nature, today they are getting new experiences, especially in the data analytics and technology side."

Advanced analytics capability can help organizations structure, synthesize, interpret and derive insights from large volumes of data, and create credible and useful ESG reporting.

Priority two: advanced data analytics and forecasting

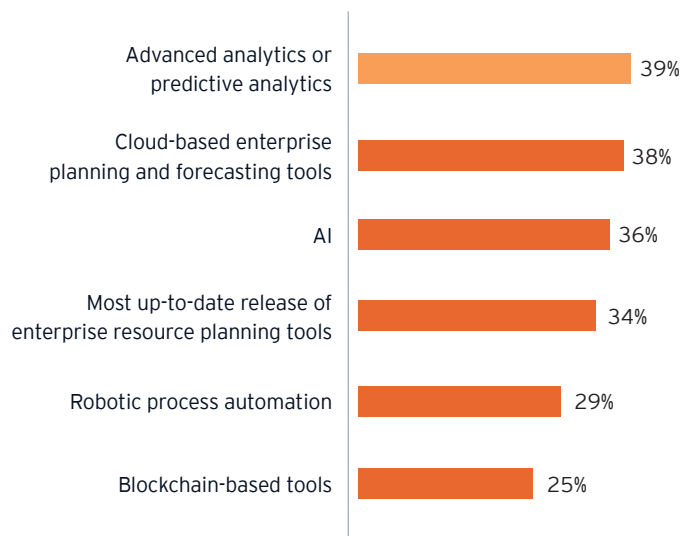
Advanced analytics: extracting ESG insights from data

Advanced analytics capability is one of the main priorities for finance leaders in terms of their technology investments over the next three years (see figure 8). This capability is likely to be key to enhanced reporting, because advanced analytics can help organizations structure, synthesize, interpret and derive insights from large volumes of data, and create credible and useful ESG reporting.

Figure 8: Analytics are finance's top-priority technology

Question: Over the next three years, which of the following technology areas will you be prioritizing for investment?

CFO respondents only



Ross Lacey, EY Global Finance Consulting Leader, points out that analytics capability that can capture and factor in financial and nonfinancial data is key, in areas such as building insight into an organization's carbon footprint and the implications of different ESG-based decisions. "When you are looking at the carbon footprint of your suppliers, you can examine databases that look at the carbon implications of different suppliers' production processes and materials," he explains. "If you then have data on where suppliers are shipping from, how they are transporting materials and where they are transporting them to, you can start to build a total picture of the carbon footprint of different purchasing approaches. You may find, for example, that one supplier may be cheaper, but another is less carbon intensive in both the manufacture and distribution of the materials they are providing. If you are able to model that sort of data, you can then make considered trade-offs."

Advanced analytics solutions are particularly important in ESG reporting, because there can often be a requirement to address and relate significant amounts of unstructured data. Take natural language processing (NLP) as an example, which is a machine's ability to interpret and analyze human language, both spoken and written, allowing users to extract context, meaning and intent from unstructured data. It can help organizations generate actionable insights from unstructured data with unprecedented precision and scale.

While this technology is not new, NLP and machine learning approaches are now more technologically and financially viable, thanks to general advancements in computing power and processing capabilities, the availability of open-source software within analytics environments and the advent of new techniques.¹⁴ These approaches go far beyond rudimentary keyword searches or manually created lexicons that are commonly used in industry today. Open-source NLP repositories are much more sophisticated and act as accelerators in the development process. NLP techniques capture the ambiguities, variations and nuances of natural language, helping us identify relevant signals more comprehensively while reducing errors that make keyword-based techniques unwieldy and error prone.

¹⁴Keipper, Scott. "How NLP and Machine Learning Harnesses Insights from Unstructured Data." EY, 21 May 2019, https://www.ey.com/en_gl/financial-services/how-nlp-and-machine-learning-harnesses-insights-from-unstructured-data.

Lawrence Lau, EY Greater China FAAS Leader, believes that the COVID-19 pandemic injected significant urgency into the digital agenda for finance leaders in China and provided a strong supporting case for investment into advanced technologies. “In China, finance functions had already wanted to mobilize more IT and AI to deal with increasing volumes of finance work,” he explains. “But before the COVID-19 pandemic, it was more challenging to prove the value of these investments to CEOs and boards. Then, as people had to work from home because of the COVID-19 pandemic, CFOs were able to show the importance of making significant investments and doing it quickly. This was essential to cope with the demands of remote working, with AI and other technologies needed to support daily finance operations, such as closing the books or analyzing operational information to make better and more rapid business decisions as the COVID-19 pandemic unfolded.”

Deploying these sorts of advanced solutions should be a cross-disciplinary effort that combines advanced data science experience and business domain expertise, including finance and ESG domain experience. The finance team should work together with key stakeholders, such as the CSO and analytics centers of excellence, to define the use cases for advanced ESG analytics and then collaborate during the development process. Developing an approach that mimics human efforts is a guided process - it is not simply developing algorithms, it can require learning and incorporating the human decision-making process. Finance function domain experts and data scientists should work together to adequately define the use-case requirements and the problem scope - two areas that are often overlooked when adopting new technology. An effective solution is a balance between allowing machines to detect patterns and guiding the development work with domain expertise.

Rebooting FP&A

Before the COVID-19 pandemic, financial planning could be a time-consuming process for FP&A teams. During the COVID-19 pandemic, when speed of insight became more important to many and market changes happened so fast, it quickly became clear that organizations required more agile scenario planning and strategic modeling capabilities.

The research confirmed this. Finance leaders surveyed identified “adapting to fast-changing business drivers, such as changing

customer behaviors and modeling the implications” as their top response to “the main advantages of a more agile approach to forecasting.”

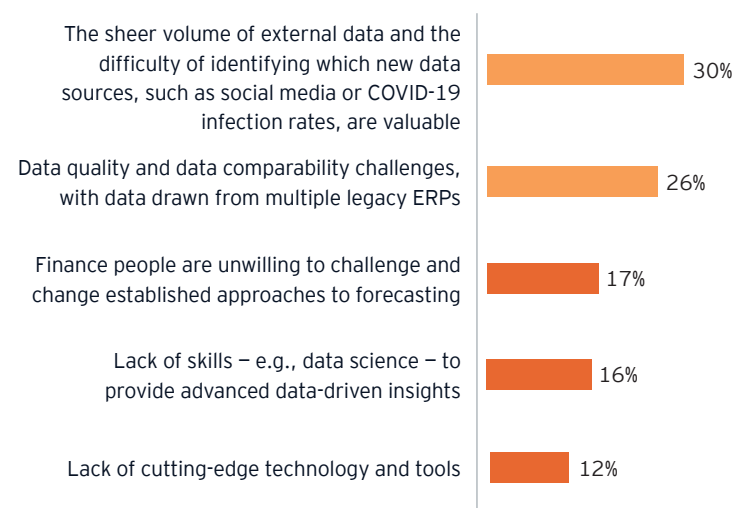
Greater agility could be achieved by moving from traditional backward-looking analytics of data and information to more advanced approaches, including predictive and prescriptive analytics. However, the research noted that finance functions also have fundamental data issues, such as lack of timely data and inefficient data integration. As figure 9 shows, the top two obstacles to a more agile approach to FP&A are related to data.

Making use of advanced technologies, including machine learning, AI and visualization, could be important in helping to build an advanced analytics platform for FP&A. Analytics starts with data, but techniques such as predictive modeling, statistics and visualization can be important in turning that data into timely and actionable insights.

Figure 9: Data issues are hindering agile FP&A

Question: What is the primary challenge that stands in the way of a more agile approach to FP&A?


Primary challenges to a more agile FP&A approach



Note: numbers do not add to 100% because of rounding.



The way forward


 At the same time, finance leaders can play a central role in building trust and transparency into ESG performance.

There are three areas for finance leaders that will likely be important as the finance function continues to evolve and provide the trusted and enhanced reporting insights their business requires:

1. Finance leaders should help to resolve the ESG reporting gap with investors

Finance leaders can play an instrumental role in helping to meet ESG requirements from investors. As a starting point, they could assess their organization's current approach to ESG performance measurement and reporting, to better understand what is material and how they could move the focus toward what is truly important to drive long-term value. And, given that finance leaders will increasingly be asked ESG-related questions at results announcements and other investor-facing events, they should establish a clear narrative that addresses questions such as: what are their ESG priorities? What are their mid-term and long-term ESG strategies? And how does the organization stack up against its competitors and peers on ESG?

2. Finance leaders should take the lead in advancing the ESG agenda among their C-suite peers

As well as making sure there is a strong connection between financial and nonfinancial reporting, and that ESG reporting is material, finance leaders should be proactive and work with CEOs, COOs, CSOs and risk officers, and their boards, to advance ESG and sustainability performance as important strategic objectives. This includes the link between ESG and long-term value, and encompasses both strategic growth and risk management. This important strategic role for finance leaders can help provide confidence that ESG underpins areas including capital allocation, supply chain considerations and meeting different investors' preferences. At the same time, finance leaders can play a central role in building trust and transparency into ESG performance. For example, they can use their understanding of the current regulatory and reporting standards picture when it comes to ESG performance, as well as how that is likely to evolve.

3. Finance leaders should take the lead in catalyzing change and driving innovation across operating models, advanced data analytics and talent

While the COVID-19 pandemic has been a major societal crisis, it has also been a time when organizational functions - such as finance - have responded with great creativity and innovation as they found new ways to operate in a COVID-19 pandemic world. Today, there is an opportunity for CFOs and financial controllers to build on that trend: demonstrating the important strategic role they can play in reframing a new future for finance and continuing to drive a culture of innovation. This involves building more agile and fluid operating models; setting out a bold technology road map for transforming financial analytics and providing enhanced and trusted reporting, including advanced tools such as AI; and developing a future talent strategy for finance that is based on continuous and dynamic learning, which attracts and motivates the next generation of finance leaders.

About the research

More than 1,000 chief financial officers (CFOs) and financial controllers of large organizations were surveyed to understand the challenges they face in corporate reporting. The research was conducted by Longitude on behalf of EY Global Financial Accounting Advisory Services (FAAS).

More than half of the respondents (51%) were from the CFO community, with more than one-third (34%) representing financial controllers. The remaining respondents were finance directors or leaders in the treasury function. A majority (57%)

of the respondents' organizations have revenues in excess of US\$5b a year, and 9% in excess of US\$20b a year. Respondents were split across the Americas; Asia-Pacific; and Europe, the Middle East, India and Africa (EMEIA). Fourteen main sectors were represented, with 54% of companies being publicly held or listed and 46% privately owned.

The survey was supplemented by in-depth interviews with the following CFOs, heads of reporting organizations and EY subject matter professionals:

Graham Baker

Group Finance Director, Jardine Matheson

Jonathan Bingham

Global Financial Controller, HSBC

Bob Decker

Vice President Corporate Controller & Chief Accounting Officer, Johnson & Johnson

John Jacob

Senior Vice President & India CFO, Tata Consumer Products

Dan Murdock

Executive Vice President, Chief Accounting Officer and Controller, Comcast Corporation

Tim Gordon

EY Global FAAS Leader

Helene Siberg Wendin

EY Global FAAS Deputy Leader

Myles Corson

EY Global and Americas FAAS Strategy and Markets Leader

Andrew Davies

EY Global Enhanced Corporate Reporting and Accounting Leader, FAAS

Libby Hacker

EY Americas People Advisory Services Finance Leader

Dave Helmer

EY Global Tax and Finance Operate Leader

Ross Lacey

EY Global Finance Consulting Leader

Lawrence Lau

EY Greater China FAAS Leader

Marc Siegel

EY Americas FAAS Corporate and ESG Reporting Leader

Mike Wright

EY Asia-Pacific Assurance Leader

The EY Global FAAS team would like to thank everyone who contributed their insights and knowledge to this report.

EY contacts



Tim Gordon

EY Global FAAS Leader
tim.gordon@ey.com
+1 212 773 6938



Helene Siberg Wendin

EY Global FAAS Deputy Leader
helene.siberg.wendin@se.ey.com
+46 31 636 329



Myles Corson

EY Global and Americas FAAS
Strategy and Markets Leader
myles.corson@ey.com
+1 212 773 3232



Mathew Nelson

EY Global Climate Change and
Sustainability Services (CCaSS)
Leader
mathew.nelson@au.ey.com
+61 3 9288 8121

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2021 EYGM Limited.
All Rights Reserved.

EYG no. 010608-21Gbl.

ED None



In line with EY's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

The views of the third parties set out in this publication are not necessarily the views of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were made. Certain services and tools may be restricted for EY audit clients and their affiliates to comply with applicable independence standards. Please ask your EY contact for further information.

ey.com