



A4S

ACCOUNTING FOR  
SUSTAINABILITY

Essential Guide to  
Finance Culture

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# CFO LEADERSHIP NETWORK

## ESSENTIAL GUIDE TO FINANCE CULTURE

Developing a finance culture that is fit for the future



THE PRINCE OF WALES'S  
CHARITABLE FUND





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# NAVIGATING THIS GUIDE

This guide is divided into six main sections that outline a change process to integrate sustainability into an organization's finance team culture. It addresses organizational culture, what good looks like and includes a maturity map. It details the steps needed to embed the sustainability change into the finance function; leadership alignment, raising awareness, what it means for me, embed the change and sustaining and improving.

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# THE PROJECT TEAM

We would like to thank all of the project team members who contributed to the A4S Essential Guide to Finance Culture.



## A4S CFO LEADERSHIP NETWORK EUROPE PROJECT TEAM

Lucas Meyer-Freund, Director of CFO Office, adidas  
Johannes Fink, Director Project Management Finance SBP, adidas  
Sarah D'Arcy, Sustainability Manager, Anglian Water  
James Pinkstone, Treasury Executive, British Land  
Inge Massen – Biemans, Global Director Purpose, Royal DSM  
Mark Carlin, Finance Director – Integration, Siemens  
Louise Rowe, Finance Director, South West Water  
Manjula Chummun, Head of Finance – Group Projects and Transformation, Tesco

## A4S TEAM

Jessica Fries	Jamie Stewart
Helen Slinger	Lisa Fahey
Kathryn Jackson	Alexa Chapman
Elizabeth Ace	Rachel Jackson
Luke McLaughlin	Jackie Watt





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# INTRODUCTION FROM THE A4S CFO LEADERSHIP NETWORK

The role of the Chief Financial Officer and the finance team has never been more varied. The boundaries between teams, business units and different functions are becoming less relevant, with the role of finance having gone well beyond simple 'record keeping' to playing an important role in driving strategy and decision making.

Finance teams, as the custodians of business value, need to enhance their contribution by including sustainability considerations in their day to day analyses and thinking. We are the forecasters of future performance and risk, and so can play a key role in bridging the gap between business growth strategy and sustainable planning. However this integration between sustainability and finance is not yet the norm. For many finance teams, thinking and operating in an integrated way will require a significant shift, not just in their processes but also in their culture.

At Royal DSM, we fully recognize that addressing the threat of a changing climate on our planet and communities is becoming more urgent, and that organizations need to prioritize sustainable thinking – enabling both the opportunities and threats to be properly forecasted and embedded into decision making. As a CFO, I am a steward of capital allocation, value creation and resilience. Therefore, no one in the organization is better positioned to ensure sustainability is systematically considered as one of the drivers behind growth, cost efficiency, asset allocation and investment decision making. Yet to make this happen I need the rest of the finance team behind me.

As a CFO Leadership Network, we know that integrating sustainability into the "business as usual" processes is a task that

cannot happen overnight. Buy in from those involved is essential, and that buy in does not happen by accident. Our project team has therefore developed this guidance on suggested ways to work proactively with colleagues, especially in the finance team, to drive the necessary cultural change to embed sustainability as one of the core pillars of finance.

It aims to encourage finance teams to understand their role in embedding sustainability into their processes and provides tools to support the cultural change needed to do this. The members of the CFO Leadership Network have begun taking steps towards embedding sustainability at the heart of finance in their own companies. We very much hope you will join us on this important journey.

GERALDINE MATCHETT,  
CHIEF FINANCIAL  
OFFICER,  
ROYAL DSM

*"For many finance teams, thinking and operating in an integrated way will require a significant shift, not just in their processes but also in their culture".*



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# WHY DID WE DEVELOP THIS GUIDE?

## THE ISSUE

Organizations that are serious about moving towards broader value creation and a sustainable business strategy require a structured and systematic approach if they are going to achieve successful, sustained change. The culture of the organization, and the subculture of any given function, can be expected to have an impact on the level of success of the change and thus should be considered in designing an appropriate approach.

With any change, in any team, it is normal to feel some resistance to the new concepts and processes being proposed. As finance professionals, many of us have found that it is hard to see the relevance of sustainability to our work. In undertaking the research for this Essential Guide, we found that the finance function was often cited as a barrier when attempting to move the organization to a sustainable business model. If change is going to be possible, businesses need the support of the finance function to succeed.

We developed this guide to provide practical tools which will help finance teams to develop a culture which embraces sustainable decision making and support the business in creating sustainable value.

## CHANGE CANNOT HAPPEN IN ISOLATION

The culture of the finance team cannot change in isolation and finance cannot embed sustainability on its own. The support of the leadership team and the rest of the organization is crucial. In particular, appropriate involvement of the communications team and using the experience of change management specialists can help the transition to go more smoothly.

If change is going to be possible, businesses need the support of the finance function to succeed.

## AIMS OF THIS GUIDE

The guide aims to help organizations answer the following questions:

- To what extent is sustainability considered by the finance function?
- What are the key barriers and enablers to a sustainability focused finance culture?
- What changes are needed to shift towards a culture that puts sustainability at the core of strategic and operational priorities and decisions?

As members of the A4S CFO Leadership Network, we looked to understand how organizations have turned finance into a sustainable business enabler or accelerator. What are their insights? What have they achieved? What lessons have they learnt? What tools have they developed that they are able to share with others?

This is intended as a practical guide, which showcases various tools and techniques that can be used to assess the current finance culture, how open the function is to new ideas, and how ready for change and aligned its leaders are to promoting sustainability.

This guide outlines an approach to integrating sustainability into your finance function. It considers organizational culture, what good looks like and includes a maturity map to help you assess where you currently are and where you want to get to. It then details the steps needed to ensure that the behaviours and attitudes required to embrace sustainability within the finance function are in place.



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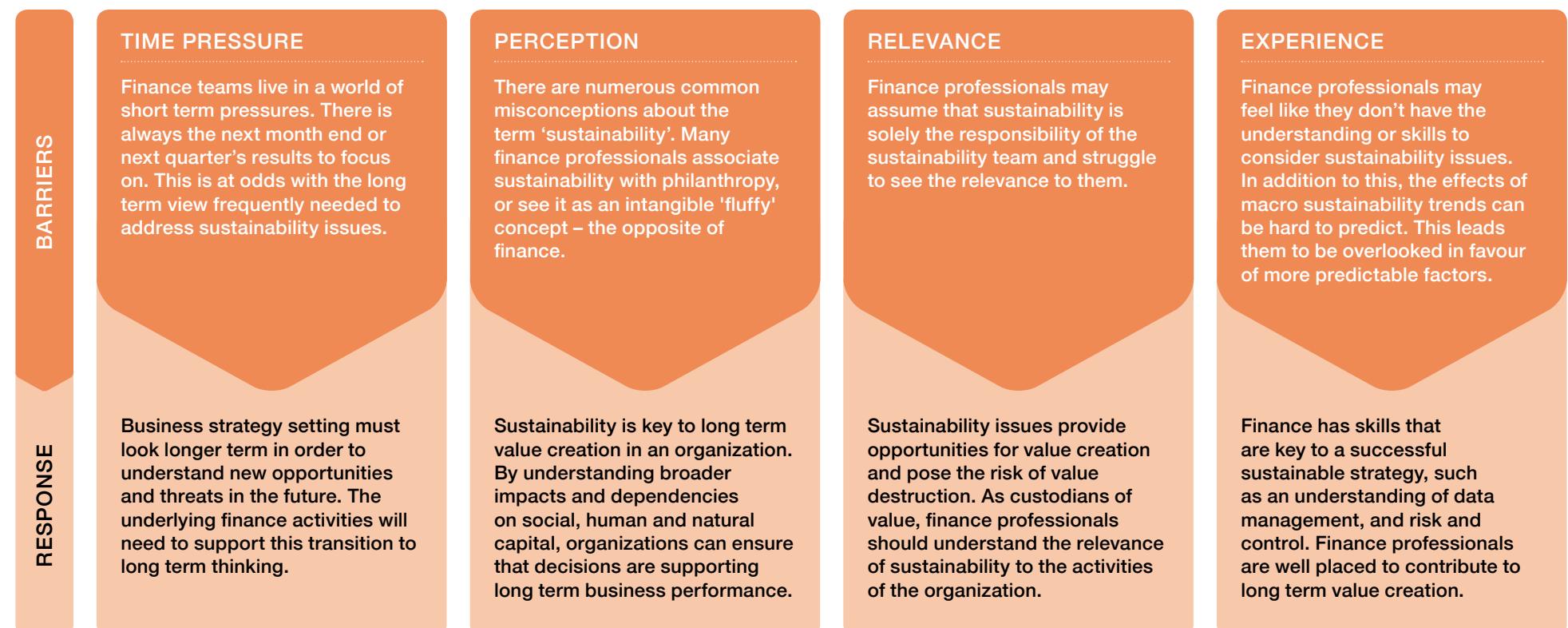
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# BARRIERS TO CHANGE

## Why do some finance professionals find sustainability challenging?

Change processes are widely known to be difficult but have also been extensively studied. What is it about finance and sustainability related change that requires additional considerations? The diagram below summarizes some key barriers and potential responses cited during our research for this guide.





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# PERSONAL JOURNEYS

Listen to members of A4S's networks share their personal journeys towards embedding sustainability at the heart of finance.



## PERSONAL JOURNEY

**Rebecca Self**

CFO Sustainable Finance  
HSBC



## PERSONAL STORY: THE BUSINESS CASE FOR CHANGE

**Louise Rowe**

Finance Director  
South West Water



## MY SUSTAINABILITY JOURNEY

**Stuart Humphreys**

Finance Director  
National Grid

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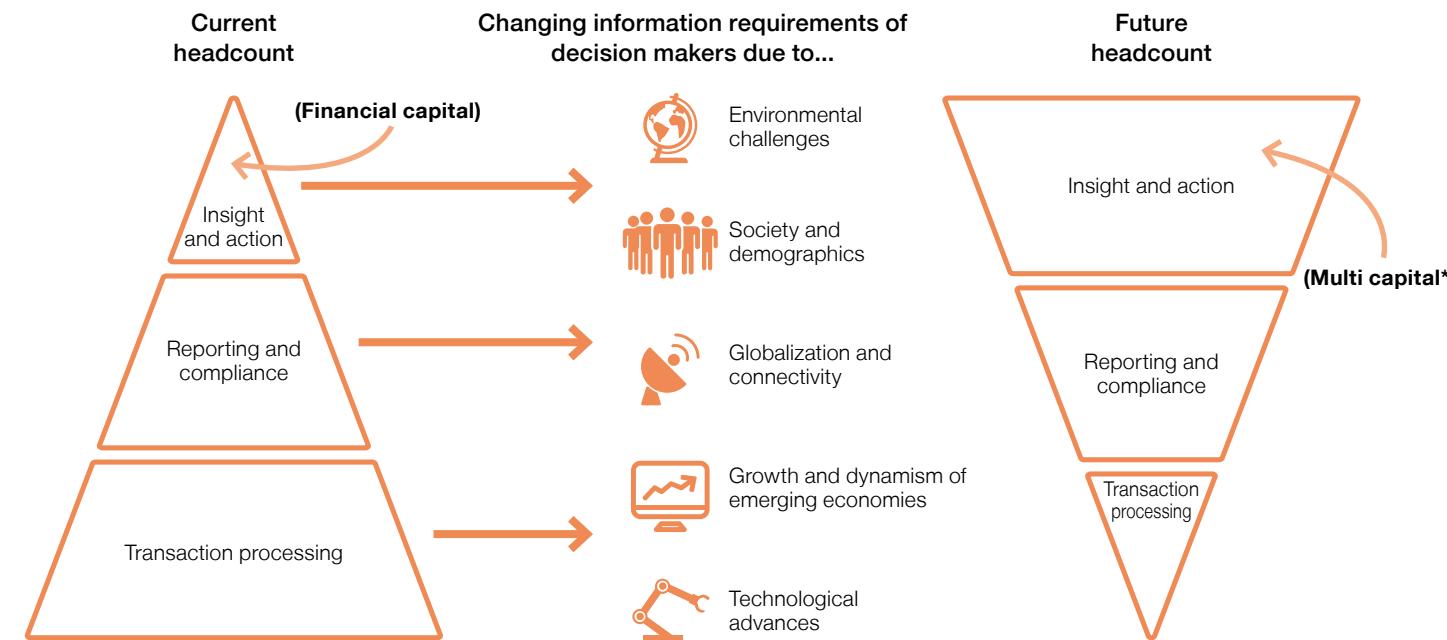
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# THE BUSINESS CASE

## Why should finance teams change?

### THE EVOLVING ROLE OF FINANCE

The role of finance has already seen drastic change and this doesn't show signs of slowing down. Finance professionals have gone from being bookkeepers to some of the most influential business advisors within an organization. Technology is accelerating this change.



### IS FINANCIAL INFORMATION THE LIMIT?

Organizations now face new and uncertain challenges and are in great need of those with the skills to make sense of it all. New risks and opportunities are presenting themselves in areas not covered by the traditional financial metrics. Environmental and social issues are becoming increasingly relevant to strategy so business leaders require insight and information to develop an effective response.

### FINANCE OF THE FUTURE

The finance function of the future will need finance teams which are committed to integrating sustainability into financial decision making and who understand the benefits this will bring to the organization and professionals who can:

- Challenge the status quo to help create more resilient, accountable and profitable organizations.
- Understand the business case for the integration of natural and social capital.
- Start and take part in sustainability networks, collaborate with change champions and highlight key issues.
- Question the risk of not integrating natural and social capital into the organization's strategy and operations.
- Answer sustainable business related questions from investors.
- Work in multi disciplinary teams to develop innovative solutions.



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# THE BUSINESS CASE



## DRIVING SUSTAINABILITY FORWARD

**Gregor Alexander**  
Finance Director  
SSE



## OUR BUSINESS CASE

**Geraldine Matchett**  
Chief Financial Officer  
Royal DSM



## INFLUENCING THE CHANGE IN HOW WE DO BUSINESS TODAY

**Rebecca Self**  
Chief Financial Officer Sustainable Finance  
HSBC



## SUSTAINABILITY DRIVING EFFICIENCY

**Jane Pilcher**  
Group Treasury  
Anglian Water Group

## WHAT IS A SUSTAINABLE BUSINESS?

A sustainable business is one that delivers financial returns in the short and long term in a way that generates positive value for society and operates within environmental constraints.



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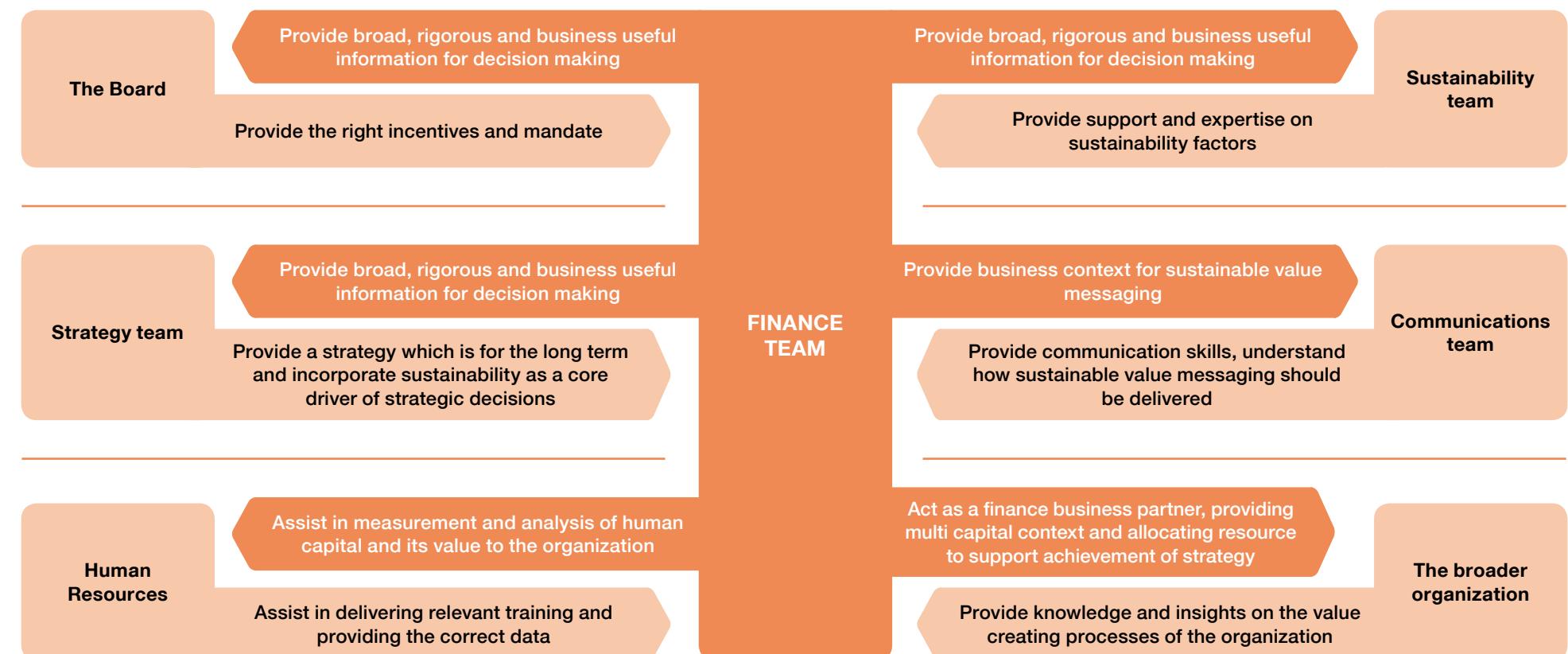
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# THE ROLE OF FINANCE AS PART OF THE WIDER ORGANIZATION

## THE IMPACT AND DEPENDENCIES OF THE FINANCE TEAM IN A SUSTAINABLE BUSINESS

Change cannot happen in isolation. The change or progression of the finance team's culture should go hand in hand with that of the organization. Below is an illustration of some touch points that the finance team has with other departments. The diagram shows the ways in which the finance team can both support other departments and is dependent on others for success.





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## TOP TIPS FROM THE GUIDE

Our work on this project has included interviews with colleagues from our organizations. The key messages from this research are:

**Success comes from good leadership, good employee engagement and good communications**

In every organization there are influential individuals throughout the hierarchy. It is key that these individuals are committed and championing integration from the bottom up and inside out. Leadership must support these individuals. No matter how galvanized the team is, the change will fail if there is insufficient direction, support and drive from the top.

**Engage with middle management**

Middle managers are hugely influential and understand the inner workings of the organization. Middle managers will impact the change process on a daily basis. Once persuaded, experience shows they can then become the biggest advocates of change. New ways of working take time so organizations should invest in their technical knowledge and change leadership.

**Not everyone will be persuaded at first**

It is well known that people resist change. Change is difficult, and culture change can be the hardest to affect in an organization. Make it easy for people to accept by ensuring leaders are demonstrating commitment. Not everyone needs to be innovative all the time and you will never persuade everyone to take part at first, but it is not necessary to have total buy in. Have revised processes, tools, and templates in place that help you achieve your goals that staff can relate to.

**Start small**

Don't underestimate the value of quick wins. Find small ways of integrating sustainability into your role. Small projects can make a big difference as they can be valuable in giving others the confidence to try bigger things.

**Review the finance function mandate**

Consider whether the current mandate (or perceived mandate) encourages the integration of sustainability or discourages it. It may require an organizational policy shift to encourage sustainability. An example could be to encourage the use of multi criteria analysis in capex decisions which consider wider than financial factors as opposed to a purely financial appraisal system.

**Continuing Professional Development (CPD) is key**

Access to appropriate CPD is needed to help finance staff to understand how sustainability can be embedded. Where this is not readily available, raise this with your professional development body emphasizing how and why it is needed. You can refer them to the **A4S Essential Guides Series** for potential content.



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# FINANCE CULTURE – THE BASICS

## What is organizational culture?

Culture can be defined as:

**A set of shared values, attitudes and behaviours that characterize an organization, department or function and its actions.**

Culture determines how an organization operates and responds to internal and external challenges. It is the product of shared basic assumptions that underpin values, norms and behaviours. It can be best understood as "the way we do things around here". Many companies talk about culture when referring to the inclination (or otherwise) of their employees to follow rules, processes and procedures.



Culture influences, and is shaped by, these core elements:



### Understanding your culture

The culture of an organization has a big influence on how people operate. Culture forms the context within which people judge the appropriateness of their behaviour. The finance function is no different.

One way to understand the current culture of the finance team is to carry out a culture survey. This will provide a snapshot of employee perceptions and behaviours. You can use the survey in the following ways:

1. **As a standalone survey** – to understand the current culture of:

- The finance team in reality compared with the leadership expectation of the finance team
- The finance leadership compared with the finance team
- The finance team compared with other parts of the business
- Organization A compared with organization B (e.g. pre or post merger)
- Country or division A compared with country or division B

2. **To drive discussion in a group** e.g. at team away days

3. **As a supplement** to existing staff surveys

The results from the survey can then help the finance function to design strategies and interventions to create the required shift

*"Leaders won't achieve the speed and agility they need [to be successful in the future] unless they build organizational cultures that perform well across functions and business units, embrace risk, and focus obsessively on customers."*

MCKINSEY 2017, CULTURE FOR A DIGITAL AGE



Tool 1 – Culture survey



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# FINANCE CULTURE – THE BASICS

## What does an effective culture look like?

Although ‘effective’ will always be defined in the context of the organization, there are a number of factors that are generally required to develop a finance culture which supports a sustainable business model and value creation.

Factor	What does this look like in practice?
Leadership	<ul style="list-style-type: none"> <li>• Leaders set a consistent tone from the top, reinforcing a focus on the development of a sustainable business model.</li> <li>• There is a clear sustainable business vision and supporting strategy. This is reflected in leadership's response to opportunities, the organization's purpose and in the demonstration of desired behaviours of management.</li> <li>• The finance team has a clear mandate to integrate sustainability into their business and financial decisions.</li> </ul>
Roles and responsibilities	<ul style="list-style-type: none"> <li>• The governance framework and operating model are strong and fully integrated. The operating model is able to drive sustainability within the organization effectively.</li> <li>• The finance team understands how it can support the integration of sustainability into their business and financial decisions.</li> <li>• Individuals understand their own roles and responsibilities and those of others.</li> </ul>
Capability	<ul style="list-style-type: none"> <li>• Full sustainable business capability and experience assessments have been carried out to ensure that the right people have the right skills, knowledge and behaviours.</li> <li>• Continuing professional development (CPD) and training is encouraged at all levels and training is in place where necessary.</li> <li>• Recruitment processes include consideration of capability and experience in sustainable value creation.</li> </ul>
Ways of working	<ul style="list-style-type: none"> <li>• Ways of working promote ownership and desired organizational behaviours.</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• Clear end to end integrated performance management defines and measures consistent standards for each individual and incentivizes team performance and outlook.</li> </ul>
Effective reward and consequence management	<ul style="list-style-type: none"> <li>• Organizational consequences align interests, reinforce desired behaviours and embed sustainable values in the organization.</li> </ul>

We have developed a ‘culture maturity map’ which you can use to assess where you believe your organization currently is, where you want to get to and some of the practical actions you can take to get there.



Tool 2 – Culture maturity map

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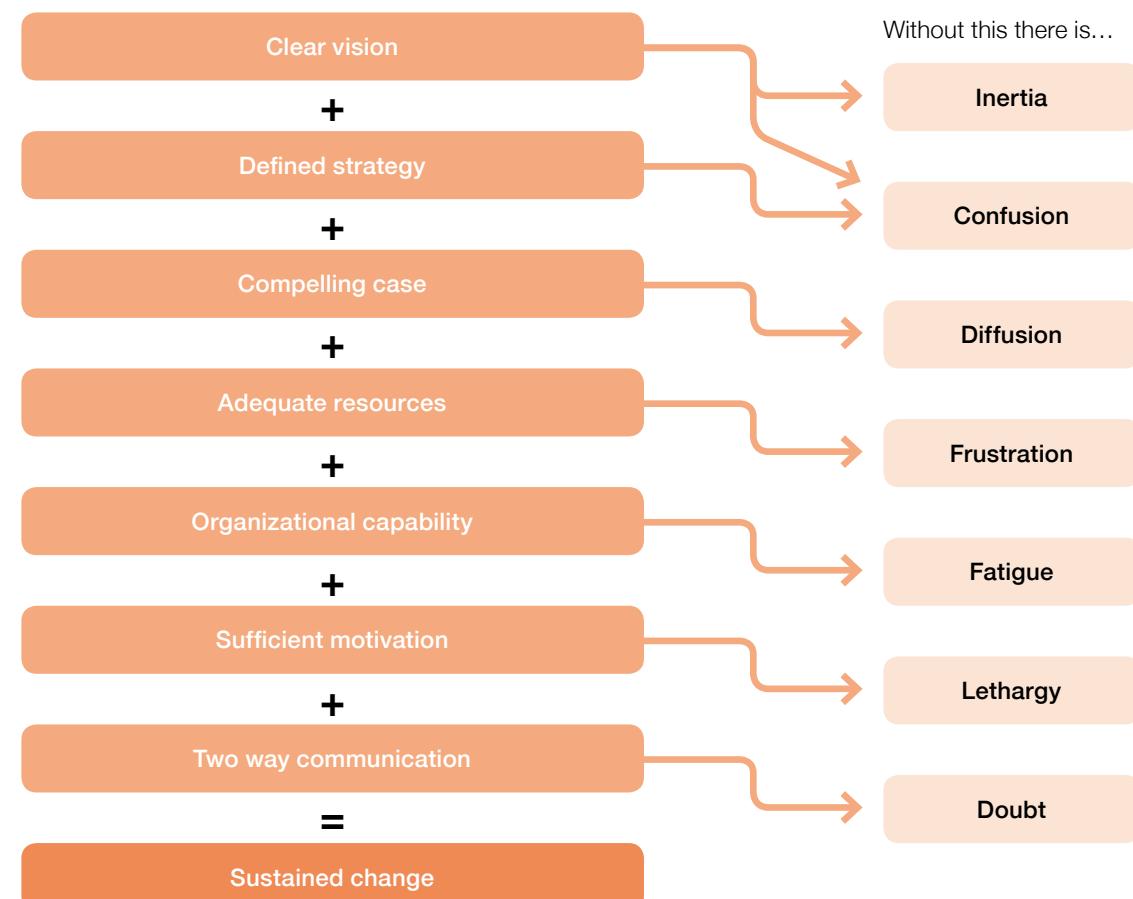
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# FINANCE CULTURE – THE BASICS

## ARE YOU CHANGE READY?

Successful and sustained change requires a combination of a number of elements.



## UNDERSTANDING PERCEPTIONS

In addition to the ‘tone from the top’ promoting and enabling the integration of sustainability into finance, organizations also need to understand the readiness of the finance team, and other relevant stakeholders, to accept change. One way to understand this is to carry out a change readiness assessment.

If the finance function is not committed to the change then work needs to be done to assure them that the organization and leadership are fully behind the change and are willing to commit to it.

The purpose of the change readiness assessment is to:

- Involve and engage stakeholders
- Measure the readiness/commitment of stakeholders
- Provide a tangible insight into intangible factors
- Enable early identification of any high risk areas and avoid ‘guessing’ at the issues
- Identify issues which require action

The assessment does not identify individuals and is not an employee staff survey but can provide insights into the readiness to take action to integrate sustainability into the finance function.

We have included tailored versions for the whole organization and for the finance team depending on the change readiness that is being assessed.



### Tool 3 – Change readiness assessment



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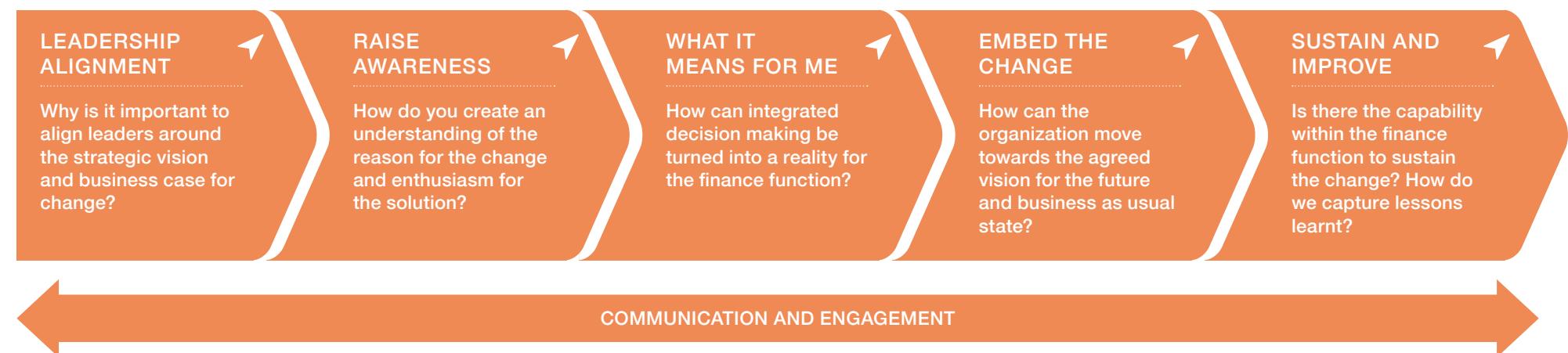
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# FINANCE CULTURE – THE BASICS

## What steps are necessary to develop an effective finance culture?

Building on the culture maturity map and change readiness assessment, we have identified a number of steps which are necessary to ensure that finance culture embraces sustainability. These steps need to be supported by clear two way communication and engagement, and robust change management processes. The steps are:



The following sections of this guide are structured around the above steps. Each section provides more detail on the application of these steps to the finance function, the change management that is necessary to support the project and ensure that the culture changes are embedded into 'business as usual'.

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# CHANGE MANAGEMENT

## MOBILIZING THE CHANGE NETWORK

Change is difficult but with the correct supporting practices can be successful.

One way to ensure that your finance culture change programme is a success is to set up and mobilize like any other project. A project change management team, Senior Responsible Officer (SRO), project scope, project plan, key milestones and communication plans should all be in place. Key questions that need to be addressed are:

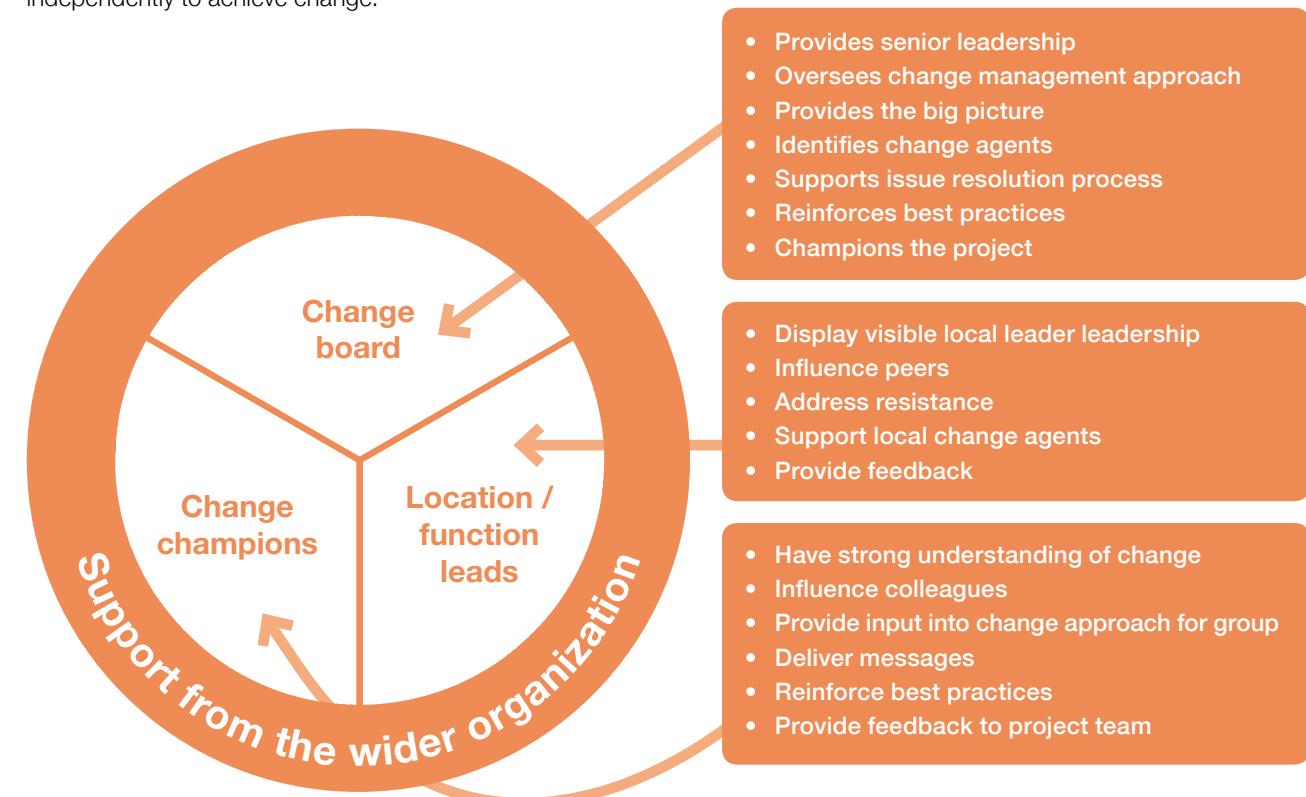
- What behaviours need to change in the finance function?
- Who will be responsible for leading the change and ensuring that change happens?
- Should it be measured?
- How will you measure it?
- How will you know when you get there?
- How will you evaluate and sustain the change?

You need to agree at the start of the programme how you will evaluate the extent to which sustainability has been embedded into the finance function. Considering how to evaluate success is often the area that is given least attention, but is arguably the most important. Appropriate KPIs should be set which reflect both primary and secondary factors to indicate where change has taken place. Refer to [sustain and improve](#) for guidance.

Remember that it is people who drive change, so a strong trusted network of informed people will help commitment.

## CHANGE MANAGEMENT TEAM

Collective group of people who will work together and independently to achieve change.



Tool 4 – Change management roles



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# LEADERSHIP ALIGNMENT

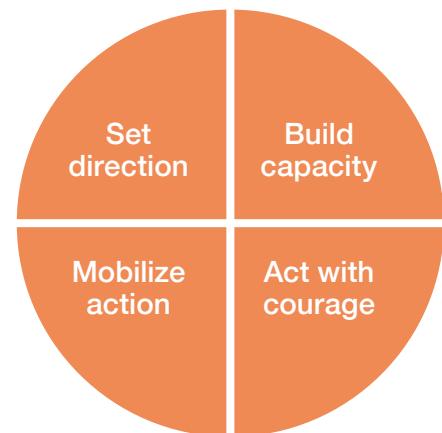
## Why is it important to align leaders around the strategic vision and business case for change?

### THE ROLE OF LEADERS

Embedding sustainability into the finance function and throughout the organization requires the active support of the leaders of the organization and the CFO as the leader of the finance function. They create energy, momentum and commitment behind a common purpose and direction.

The role of leaders is vital, as people are more likely to change their behaviours with visible role models demonstrating the desired behaviours and offering encouragement and support.

There are key leadership competencies (which apply equally to the organization's leadership and the finance function's leadership) that directly contribute to the success of change. These are to:



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### EVEN SUSTAINABILITY CHAMPIONS NEED SUPPORT

In every organization there are influential and dynamic individuals throughout the hierarchy. It is key that these individuals are 'on side' and championing sustainability from the bottom up and inside out.

However, these individuals must still be supported by strong leadership. No matter how galvanized the team is, the change will fail if there is insufficient direction, support and drive from the top.



#### LEADING BY EXAMPLE

**Geraldine Matchett**

Chief Financial Officer  
Royal DSM



#### THE IMPORTANCE OF LEADERSHIP AND CHAMPIONS

**Louise Rowe**

Finance Director  
South West Water

*"Getting board commitment is crucial. Consistently and powerfully driving sustainability from the top of our organization has been critical in embedding it into our culture. It has been essential to have finance at the heart of this – we've found combining financial discipline and measurement with sustainability delivers fantastic results and ensures continuous buy in throughout the organization."*

SCOTT LONGHURST,  
MANAGING DIRECTOR FINANCE AND  
NON-REGULATED BUSINESS,  
ANGLIAN WATER.



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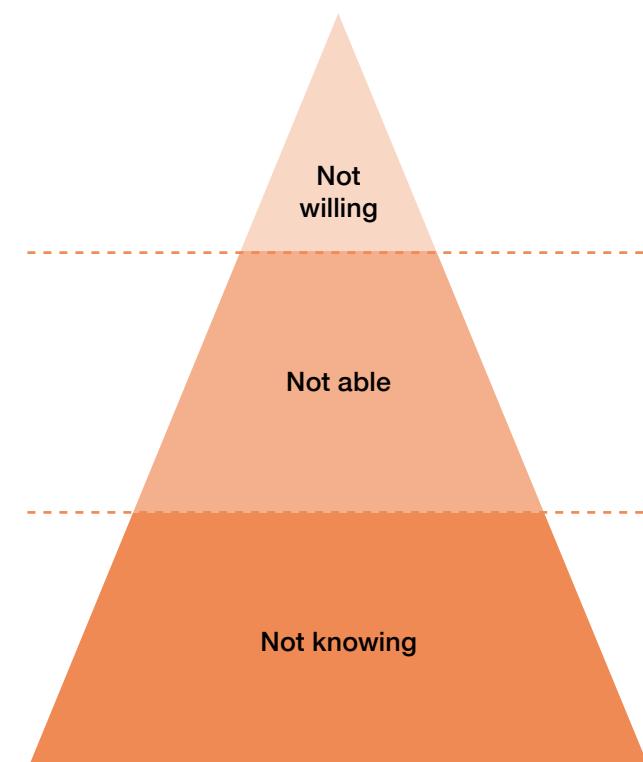


# LEADERSHIP ALIGNMENT

## Why is it important to align leaders around the strategic vision and business case for change?

### LEADERS ARE NOT IMMUNE TO RESISTANCE

Leaders should understand their strengths and how these can be effectively leveraged to best support the change being implemented. Below are some characteristics which may be observed, and some suggested responses to promote the active engagement of senior leaders within finance and beyond. The majority of resistance felt will be from 'not knowing'.



Characteristics	Potential response
<b>Not willing</b> Lack of desire and/or interest in changing behaviour (this is the most complex to address)	<ul style="list-style-type: none"> <li>Include sustainability targets and incentives in performance measurement of leaders.</li> <li>Assign leadership or sponsorship roles to senior leaders to support middle managers.</li> </ul>
<b>Not able</b> Lack of skills and/or capabilities; lack of access and/or authority	<ul style="list-style-type: none"> <li>Provide suitable sustainability training and development to support capability and competency.</li> <li>Develop a coaching strategy and provide sustainability training support to the Board and senior leaders.</li> <li>Ensure that your organizational structure supports the integration of sustainability into the finance function, e.g. some sustainability targets included in the CFO's set of responsibilities.</li> </ul>
<b>Not knowing</b> Lack of understanding of the details, benefits and/or the impact of the change	<ul style="list-style-type: none"> <li>Senior leaders should develop and promote sustainability communications, including the business case or rationale, desired vision and future benefits.</li> <li>Senior leaders should actively promote and be involved in communications, e.g. awareness seminars, visioning sessions, feedback focus groups.</li> </ul>



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# LEADERSHIP ALIGNMENT

## Vision and business case for change

One way to ensure the leadership is aligned around the need to embed sustainability is to develop a vision and case for change as shown in the leadership alignment tool below. The purpose of this is to:

- Align the leadership around the strategic aims, ambition and scale of the change.
- Clarify why the leadership is proposing this change to the organization, its purpose and timescales.

At this stage, a useful first step might be to carry out a finance leadership alignment workshop, led by the CFO, highlighting how the finance culture needs to shift and what will be done as a finance leadership team to demonstrate the commitment to making the necessary changes.



Tool 5 – Leadership alignment



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# TOP TIPS – LEADERSHIP ALIGNMENT

Our key messages are that finance leaders should:

**Be committed**

The tone from the top and committed leadership is crucial, both within the finance function and beyond. In organizations where the CFO has oversight for sustainability and sustainability reporting, then progress on integration into the activities and operations of the finance function appears to happen more quickly. The CFO should be supported by the rest of the leadership team.

**Be inspirational**

Leaders can inspire from the top by making strong public comments. All leaders should be able to articulate the case for change both internally and externally. Finance leaders should also be able to include the role of the finance team in these comments.

**Be consistent**

It is important that finance leaders are seen to stay true to the sustainability vision and business case whatever the internal or external pressures. This should be supported by day to day activities and processes. For example, strong investment governance should be in place to ensure that sustainability targets are met in any investments approved.

**Encourage innovation**

Support the finance team to think differently and innovate.

**Use incentives**

Leaders should be given performance (incentive linked) sustainability targets to ensure that they are personally invested, which sends positive messages to the finance team and the rest of the organization.

**Provide sponsorship**

Actively support and challenge sustainability on the Board and in the leadership of both the organization and the finance function. Use non executive directors, or other champions on the Board, to challenge the status quo and demand a sustainable business model.

**Develop knowledge**

Encourage the Board, senior leaders and finance leaders to undertake sustainability training, which will enable them to understand the issues and ways in which they can support the finance function to embed sustainability. CFOs should be sustainability competent.



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# RAISE AWARENESS



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# RAISE AWARENESS

## Create an understanding of the reason for change and enthusiasm for the solution

### ENGAGEMENT STRATEGY

People who work in finance are known for their ability to use reason and logic. However, just like any other group, when you can create real enthusiasm, drive and passion, it generates momentum for change. By combining this enthusiasm with the natural reasoning abilities of finance teams, anything is possible.

Once the vision and business case for change are agreed then the identification of, and engagement with, stakeholders is a critical element of managing the change.

You will need to ensure that key stakeholders within finance and beyond are informed, and to do this you will need to carry out an initial stakeholder analysis. These stakeholders can be plotted on the ‘influence/reaction’ grid, within the tool linked on the [next page](#), to understand their expected reaction to the change and their level of influence.

This will help to determine an appropriate engagement strategy to ensure that key stakeholders understand and support the change.

### INITIAL ENGAGEMENT

Initial engagement can take many forms. For example, a presentation at an annual finance away day, in regular finance or sub function team meetings, or an engaging video.

Usually roadshows or face to face meetings work best. These can be in the form of manager briefings in the case of large organizations or those with many sites.

The use of collaborative technology should be considered in this phase to increase involvement and promote engagement. This is particularly relevant when addressing a multi generational workforce. Keep the purpose at the forefront every time you communicate.

The engagement activities themselves will help to:

- Communicate the vision and case for change as well as the aims and ambition of the change
- Shape solutions
- Identify advocates and manage resistance
- Shape the ongoing change and communications approach
- Identify what needs to be addressed to make the change stick

### COMMUNICATION ACTIVITY

Communication activities at this stage are likely to be quite high level, focusing on the aims and ambition rather than the details of what it means for different stakeholder groups. It is important that the communications are two way with finance team members having the opportunity to comment on or help shape solutions and highlight concerns or issues which need to be recognized and addressed.

It is important to be open to the ideas and issues that are generated through this early engagement. Use this insight to adapt future change and communication activities and shape the final change solution.



### THREE TIPS FOR ACHIEVING SUCCESS

#### Geraldine Matchett

Chief Financial Officer  
Royal DSM

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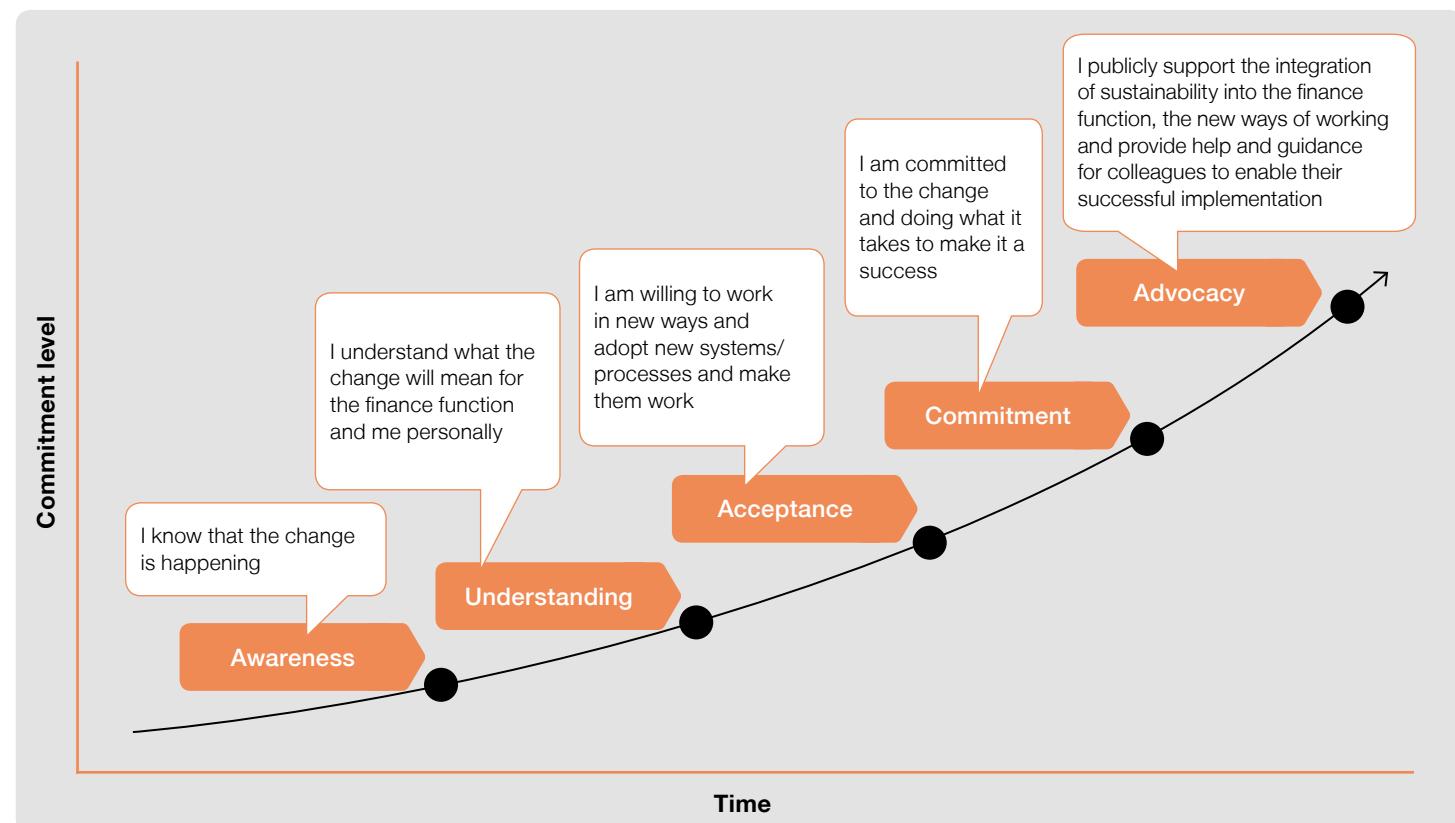
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# RAISE AWARENESS

## Stakeholder commitment level

### CHANGE COMMITMENT CURVE

Different stakeholders will have different levels of commitment. This graph shows a path that stakeholders can take to move towards a level of higher commitment to the change. The aim is to move the stakeholders up the curve. This effort can be targeted with the use of Tool 6 – ‘Stakeholder analysis and change management’.



Tool 6 – Stakeholder analysis and change management



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## TOP TIPS – RAISE AWARENESS

Our key messages are that, to raise awareness, you should:

**Communicate internally first**

Make sure any new initiatives are communicated internally before they are broadcast externally, and that the message is consistent across all channels both internally and externally.

**Engage with middle management**

Middle managers are hugely influential and understand the inner workings of the organization. Middle managers will impact the change process on a daily basis. Once persuaded, experience shows they can then become the biggest advocates of change. New ways of working take time so organizations should invest in their technical knowledge and change leadership.

**Communicate at all levels**

Work with the communications team to develop a communication plan which uses multiple channels and talks in the language of the finance team. Communications should emphasize that everyone is responsible for the change. Don't refer to 'social' and 'environmental', if these don't resonate with your organization but instead use words that do. We found words like 'resource constraints', 'community', 'future proofing', 'skills and opportunity' and 'well being' were more tangible and therefore helped some organizations engage more effectively.

**Create champions**

Networks and change champions at all levels in the organization are important to raise awareness. They can take different forms e.g. from Board level, sustainability networks across the organization or early adopters. Consider creating a sustainability network that: reaches across hierarchies; can react quickly; gets people excited around the same core issue; communicates and inspires; connects into different parts of the organization; and is chaired by the CFO.

**Influence induction**

Ensure that the ambitions of the finance function are understood from the time a person starts their role. Include the promotion of sustainability into finance specific inductions, in addition to being embedded within the induction process for the organization as a whole.

**Celebrate success**

Highlight successes both internally and externally. This could be in the form of regular newsletter input, press releases or celebration events. Use and promote case studies that demonstrate how sustainability has been integrated as this engages finance team members and helps them to relate it to their own role. Celebrating success also fosters pride in working for an organization which is promoting sustainability.



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# WHAT IT MEANS FOR ME



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# WHAT IT MEANS FOR ME

## Translating the plan into a reality

### COMMUNICATING IN THE RIGHT WAY

To support behaviour change people must be able to make the link to what is important to them. Finance professionals are often considered risk averse. It can be insightful to challenge ‘what are the risks if we don’t consider sustainability?’

What it means for the individual depends on their role. Not everyone needs to be at the same level of commitment or understanding, some people are happy to be given rules and processes to follow. However, it is likely that everyone in the finance function needs to be at a base level of acceptance of the need to integrate sustainability and understands what this means for their role.

It's important to talk in the language of those you are trying to influence. You may find that many finance professionals will respond well to data, facts and figures.

Listen to Alan Stewart (Chief Financial Officer, Tesco), Jane Pilcher (Group Treasurer, Anglian Water Group) and Rebecca Self (Chief Financial Officer Sustainable Finance, HSBC) share their perspectives on communicating in the right way, influencing others, and how this is changing the role of the finance team.



### INFLUENCING WITHIN AN ORGANIZATION

**Alan Stewart**

Chief Financial Officer  
Tesco



### THE CHANGING ROLE OF THE FINANCE TEAM

**Jane Pilcher**

Group Treasurer  
Anglian Water Group



### CREATING DIRECT LINKS TO THE BUSINESS

**Rebecca Self**

Chief Financial Officer  
Sustainable Finance  
HSBC

**Louise Rowe**

Finance Director  
South West Water



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## TOP TIPS – WHAT IT MEANS FOR ME

Our key messages are that, as a finance function, you should:

**Communicate effectively**

Communicate in language that is familiar and comfortable to the finance function, for example, ‘business continuity’ or ‘future proofing’.

**Give permission to think differently**

Encourage (and incentivize) the finance team to think about different ways that environmental and/or social benefit can be achieved alongside financial benefit. For example, investing in low energy/carbon/water now can drive long term financial savings. This can be promoted by performance management, team meetings and regular reviews of upcoming projects. Consider secondments between finance and sustainability teams or locating the teams nearby where possible; this helps each understand the work and any issues of the other.

**Harness enthusiasts**

The organization's track record on sustainability may attract enthusiastic new talent. These new team members, in particular, challenge the activities of the organization and hold them to account for achieving stated sustainability targets. Harness this enthusiasm to support the work of the change champions and finance business partners.

**Empower managers**

Use line managers to convey messages. They should be provided with the knowledge, training and tools to help them understand requirements, so that they are able to work with their team to appreciate what embedding sustainability means for them.

**Create direct links to the organization**

Include the creation of finance business partners who are responsible for both finance and sustainability to encourage communication. Create multi disciplinary project teams, that include finance, to encourage collaboration.

**Tailor training to support integration**

Provide or seek appropriate training for finance team members which promotes the integration of sustainability.

**Celebrate success**

Use inspiring messages, case studies and rewards to promote the integration of sustainability.



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# HOW CAN I HELP?

## CHALLENGE LEADERS

Leaders have many demands on their time. It's easy for conversations without short term deadlines to fall down the list of priorities. This makes it all the more important for leaders to have someone who will keep sustainable strategy front of mind. Listen to Kate Bowyer (Chief Financial Officer, Crown Estate) and Gregor Alexander (Finance Director, SSE) share their perspectives on how to challenge and influence leaders.



## HOW TO INFLUENCE YOUR FINANCE LEADER

**Kate Bowyer**

Chief Financial Officer  
Crown Estate

**Gregor Alexander**

Finance Director  
SSE



## THE CRUCIAL ROLE OF COLLABORATION

**Rebecca Self**

Chief Financial Officer  
Sustainable Finance  
HSBC

## COLLABORATE AND SHARE KNOWLEDGE

There is no one individual that has all the answers so collaboration is crucial. This isn't limited to collaboration within an organization. There are many networks and groups which exist to facilitate collaboration and share experience externally. For example, [A4S Implementation Workshops](#). Your professional body may also have a sustainability committee in which you can get involved.



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## TOP TIPS – HOW CAN I HELP?

What can an individual within the finance team do? In many organizations there are more and more employees who care about sustainability and want to understand what they can do to promote it within the organization. They can:

**Get involved**

Act as or support the change champions, join sustainability networks and forums and respond to employee questionnaires and surveys.

**Think differently about finance**

Think about different ways to incorporate sustainability in financial decisions and join multidisciplinary project teams.

**Start small**

Don't underestimate the value of quick wins. Find small ways of integrating sustainability into your role. Small projects can make a big difference as they can be valuable in giving others the confidence to try bigger things.

**Challenge leaders**

Ask questions, challenge and hold your leaders to account, make sure they know the business case and that you care about integrating sustainability into your work.

**Share knowledge with your team**

Line managers can undertake sustainability and change leadership training. Then you can support your team with appropriate knowledge, training and tools so they are able to understand what embedding sustainability means for them. Encourage the use of multi disciplinary project teams that include finance.

**Hold an innovation session**

Undertake training that helps you to understand how sustainability can be integrated into the finance function. Get a group together from the finance function and generate ideas for how you could embed sustainability.

**Include in performance management**

Include sustainability objectives in your performance goals, use sustainability competence frameworks (see Tool 7 – ‘Finance function sustainability competencies’ for more information).

**Take a look at our other A4S Essential Guides, and our videos for inspiration on where to start.**



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# EMBED THE CHANGE



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# EMBED THE CHANGE

## Move the finance team towards the agreed vision for the future

### A NEW 'BUSINESS AS USUAL'

Culture change can be the hardest organizational change to affect as it requires people to think and feel differently. It can be particularly difficult to embed in functions accustomed to dealing with numbers and targets, like a finance function.

Change programmes are most successful when they are grounded in what people are being asked to do differently. Focus on what you want people to be doing and how you wish to see them behaving and you have a greater chance of success.

Communicating the purpose of change is an essential first step to embedding any organizational change. The second is to win the minds, hearts and commitments of your people. This can only be achieved through sharing and listening.

The approach to embedding change must be holistic and systematic. All organizations are complex and dynamic systems, not simple and linear. As a result, a simple cause and effect approach to embedding change is ineffective. An "I say change... you change" approach will not work.

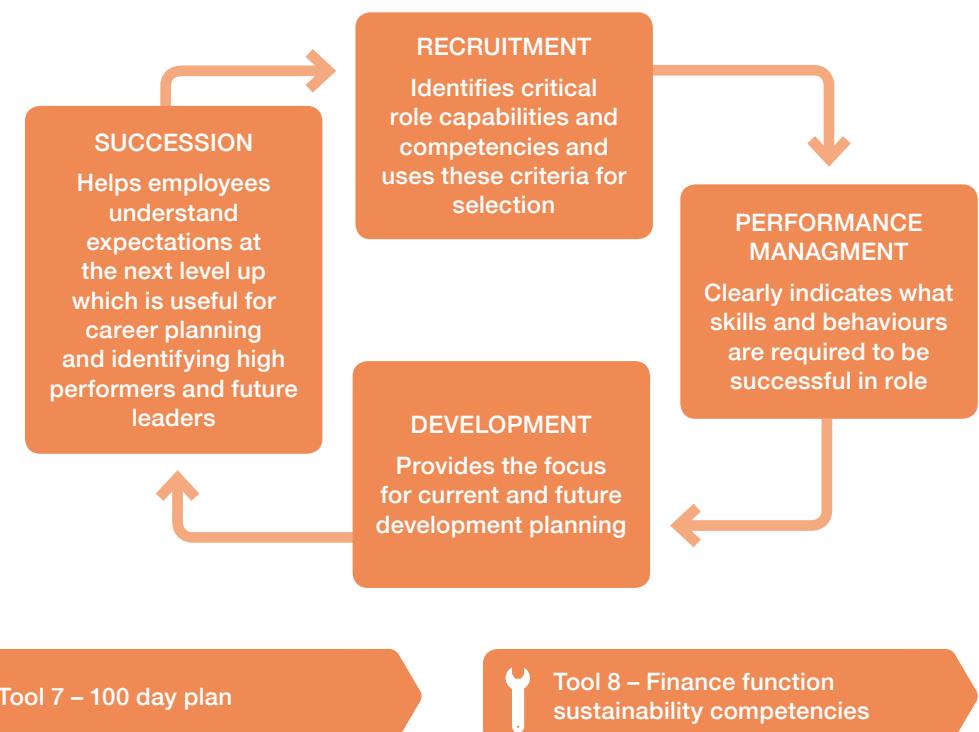
Communication is important throughout the change process, and is a crucial part of embedding the change. However, you should be prepared to alter your communications plan as you go along where necessary. Very few change programmes end up exactly where predicted at the outset, for many reasons. Ensure you have checkpoints that enable you to see where progress is being made and where progress is not.

To get you started we have developed a 100 day plan (Tool 7). This illustrative plan will support you to drive and embed a new 'business as usual'.

One way to help to embed the change is to include relevant sustainability competencies in the finance competency framework.

### HOW CAN A COMPETENCY FRAMEWORK BE USED?

A competency framework is a set of detailed and behaviourally specific descriptions of the key behaviours, underlying skills, knowledge, abilities and attributes which are required for successful performance in an organization, team, or job. It provides an indication of the behaviours and skills that are valued and rewarded and ensures that these are aligned with the organization's strategic direction. This can be used to ensure that the finance team has the skills and capabilities to embed sustainability in the longer term. It can be used in:





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## TOP TIPS – EMBED THE CHANGE

Our key messages are that, to embed change, you should:

**Make the CFO accountable**

The CFO is accountable for financial decisions within the organization, this should also include ensuring that sustainable value outcomes are achieved as part of these financial decisions. Coordinated and clear split of accountabilities between other leaders will be vital.

**Use middle management**

Use middle and line managers to convey messages. Provide managers with the knowledge, training and tools to help them understand the requirements so that they are able to work with their team to understand what embedding sustainability means for them. One idea is to develop a ‘manager’s sustainability toolbox’, with ideas and content which can be used to communicate with their teams.

**Establish sustainability champions**

A nominated point of contact within the finance team will help others to work with the finance team and support translation of organizational needs to finance requirements and vice versa.

**Analyse skills**

Incorporate sustainability into the competency framework for the finance function. Include sustainability knowledge as ‘desirable’ in any finance post/job description. Include the ‘vision for sustainability’ as part of the induction into the organization and the finance team.

**Develop tools and templates**

Develop appropriate tools, templates and processes that enable finance team members to easily understand, measure and report on sustainability and incorporate it into decision making.

**Consider investment governance**

Strong investment governance and appraisal processes should be in place to enforce and reinforce sustainability targets and goals in addition to financial objectives. This needs to be actively supported by the leadership team.

**Create direct links to organization**

Extend the responsibility of finance business partners to integrate sustainability into their analysis and financial models. Ensure multi disciplinary project teams include both finance and sustainability to encourage collaboration.

**Include everyone**

Accept that some people may not be persuaded at first, but ensure these people have tools and templates to follow in the first instance. As sustainability becomes business as usual they may become more accepting over time.



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# EMBED THE CHANGE

## Common challenges and responses

### Challenge...

Internal audience learn of changes through external channels, such as the media, which leads to resentment and resistance.

Waiting for perfection or to understand the complete solution before getting started.

Finance is not included in project teams and/or is not included at the start of the project, which can lead to late financial objections to sustainability proposals.

Finance does not see themselves as part of the solution. Finance does not, or does not consider, that they have a mandate to include sustainable solutions in their financial planning process. They believe 'our mandate is to reduce risk and save money'.

Finance, sustainability and operations teams do not speak the same language when it comes to sustainability.

Middle managers feel that change is being done 'to' them and are resistant to change.

Sustainability is seen as the 'job' of the sustainability team and doesn't concern the finance function or the wider organization.

### Response...

Ensure that all changes are communicated internally first, especially to those most directly affected.

Don't underestimate the value of quick wins. Find small ways of integrating sustainability into the organization or your role. Small projects can make a big difference, they can be valuable in giving people confidence to try bigger things.

Ensure that finance is included in the investment decision and project teams during the initial stages, with a clear role to consider sustainable solutions.

Review the actual or perceived mandate of the finance function to ensure that it is compatible with embedding sustainable solutions.

Ensure that finance business partners are able to act as a conduit and interpreter between the needs of the organization, sustainability and the finance function.

Include middle managers in developing changes, provide continuing professional development to enable them to understand the potential. Listen to and address their concerns.

Set targets which are organization wide and included as relevant in different parts of the organization. Incorporate sustainability targets into the CFO remuneration package or consider giving them executive responsibility for them. Set KPIs which finance are responsible for reporting against.



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# SUSTAIN AND IMPROVE

**The objective is to ensure the change is sustainable and the benefits are realized**

## HOW TO MEASURE THE CHANGE

When considering the observable features of a changed culture, there are two levels of behaviour that should be understood: primary factors and secondary factors. When setting KPIs to measure the change, both factors should be considered.

### PRIMARY FACTORS – DEVELOPING THE CULTURE

These are the factors that assess the development of the culture towards one which is more accepting to embedding sustainability. These are often more difficult to measure as they are less tangible.

**Examples:**

- Individuals understand and embrace their own roles and responsibilities for sustainability, and the roles and responsibilities of others.
- The finance team actively supports and encourages the integration of sustainability into business and financial decisions.
- Ways of working and structures encourage and promote integration of sustainability in the finance function.

### SECONDARY FACTORS – CULTURE ENABLED OUTCOMES

These are more measurable outcomes that are enabled because of a culture in which sustainability is a core value. These demonstrate whether a change or development has taken place.

**Examples:**

- Internal carbon budgeting has been implemented as a standard part of the budgeting and forecasting process.
- More collaborative working between finance and sustainability teams.
- Sustainability factors are regularly considered when identifying finance in all mainstream decisions.
- Sustainability performance versus a baseline e.g. water use and/or corresponding financial metrics i.e. reduced annual cost of water.

## HAS THE CHANGE BEEN SUCCESSFUL?

In determining whether the change is sustainable and successful you need to revisit your change project objectives:

- What behaviours need to change in the finance function?
- Who will be responsible for leading the change and ensuring that change happens?
- Should it be measured?
- How will you measure it?
- How will you know when you get there?
- How will you evaluate and sustain the change?

This will enable you to:

1. Measure and evaluate change outcomes by collecting feedback and data.
2. Prepare a Return on Investment (ROI) report.
3. Identify learning and reevaluate opportunities for future change. Recommend and apply corrective/targeted actions to ensure changes are achieved.
4. Confirm capability within the finance function to deliver change by carrying out a reflective capability and competency assessment.
5. Develop transition and handover to business as usual plan and an impact evaluation report.



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## TOP TIPS – SUSTAIN AND IMPROVE

Our key messages are that, to sustain and improve change, you should:

**Use KPIs**

KPIs should be agreed at the outset of the project to enable success to be measured effectively. Appropriate KPIs should be set which reflect both primary and secondary factors to indicate where change has taken place.

**Reassess capabilities**

A follow up sustainability capability assessment should be carried out with finance team members to identify any capability gaps and to inform training and development plans. The finance competency framework should include sustainability competencies – see the previous section.

**Learn continuously**

Activities around lessons learnt should be carried out routinely to ensure that there are consistent, ongoing improvements in the culture and behaviours.

**Improve training**

Internal training for finance teams should integrate sustainability. Using the **A4S Essential Guide Series** and supporting materials can help with this.

**Continuing professional development (CPD)**

Access to appropriate CPD is needed to help finance staff to understand how sustainability can be embedded. Where this is not readily available, raise this with your professional development body emphasizing how and why it is needed. You can refer them to the **A4S Essential Guides Series** for potential content.

**Communicate**

Strong investment governance and appraisal processes should be in place to enforce and reinforce sustainability targets and goals in addition to financial objectives. This needs to be actively supported by the leadership team.



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# TOOLS AND TEMPLATES

Throughout this guide there are links to tools and templates which we feel could be helpful as you work to drive and embed change. A summary is provided below, linking through to a more detailed overview and each of the tools.





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# TOOL 1

## Culture survey

### PURPOSE

To provide a snapshot of current employee perceptions and behaviours, and to understand where there is a disconnect between the perceptions and behaviours of the finance function now, and where you want them to be. The results from the survey can then help the finance function or organization to design strategies and interventions to create the required shift.

### Options for use

As a supplement to existing staff surveys

To drive discussion in a group e.g. at team away days

As a standalone survey

Helps to understand the differing perceptions and behaviours between:

The finance team in reality

*versus*

The finance team from the expectation of leadership

Finance leadership

*versus*

Finance team

Finance team

*versus*

Other teams

Organization A  
(pre or post merger)

*versus*

Organization B  
(pre or post merger)

Country or division A

*versus*

Country or division B

### Instructions

1. Distribute the survey. Ensure everyone understands the clear vision and the purpose.
2. Each individual plots themselves on the scales against broad cultural and sustainability questions. Collate the results. Consider using an online survey tool to simplify the process and to support analysis of the results.
3. Compare and contrast the results for the different groups.
4. The results can then help the finance function to design strategies and interventions to create the required shift.

### INTERPRETING RESULTS

Every organization has its own unique culture and although there is no right or wrong culture, we believe those that operate more sustainable business models can ordinarily be expected to:

- Be driven by their vision and purpose
- Consider external stakeholders, impacts and dependencies in their decisions
- Use broader data than just financial when making those decisions
- Communicate more openly and transparently
- Be able to cooperate and collaborate between functions

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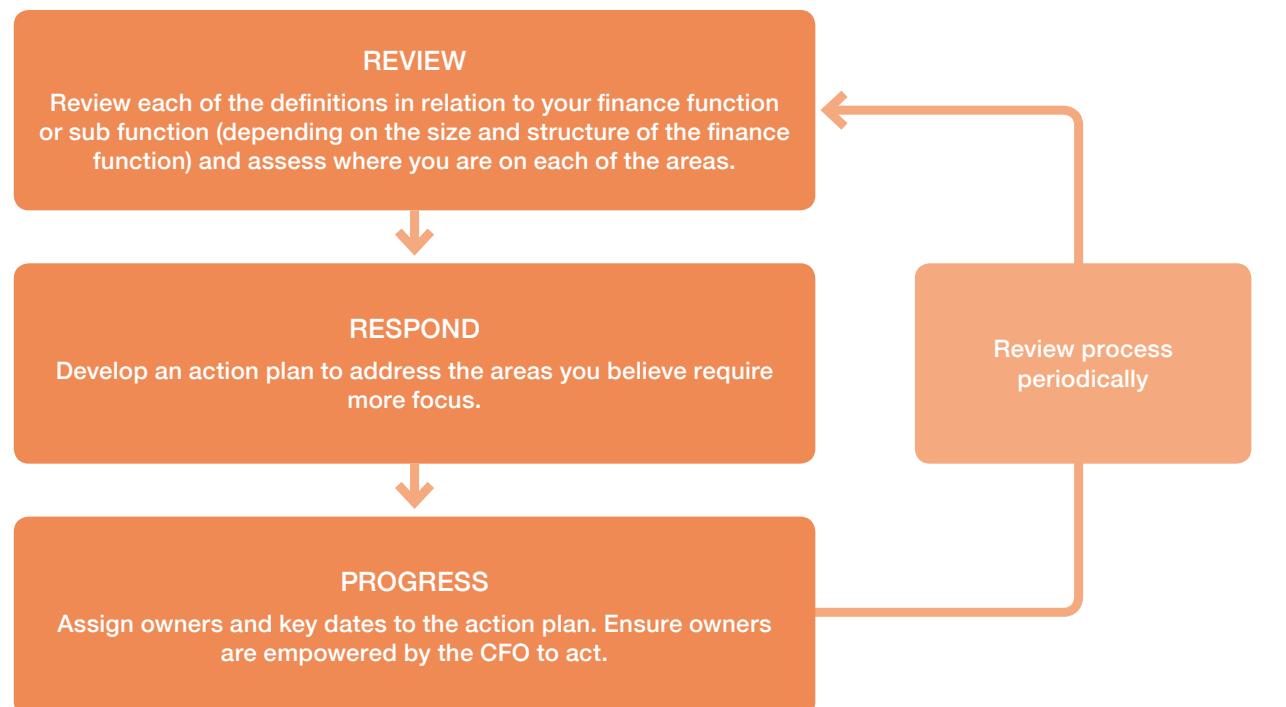
## TOOL 2

### Culture maturity map

#### PURPOSE

To help understand, at a point in time, the extent to which the finance team has achieved a culture which embraces and integrates sustainability.

This will help you focus on areas where more progress is needed. It is likely that not all sub functions have the same maturity profile. The lessons learnt from the more mature sub functions can help other parts of the organization to progress. Progress across the maturity map can be measured and monitored over time. Download a copy, or find the map on the [next page](#).



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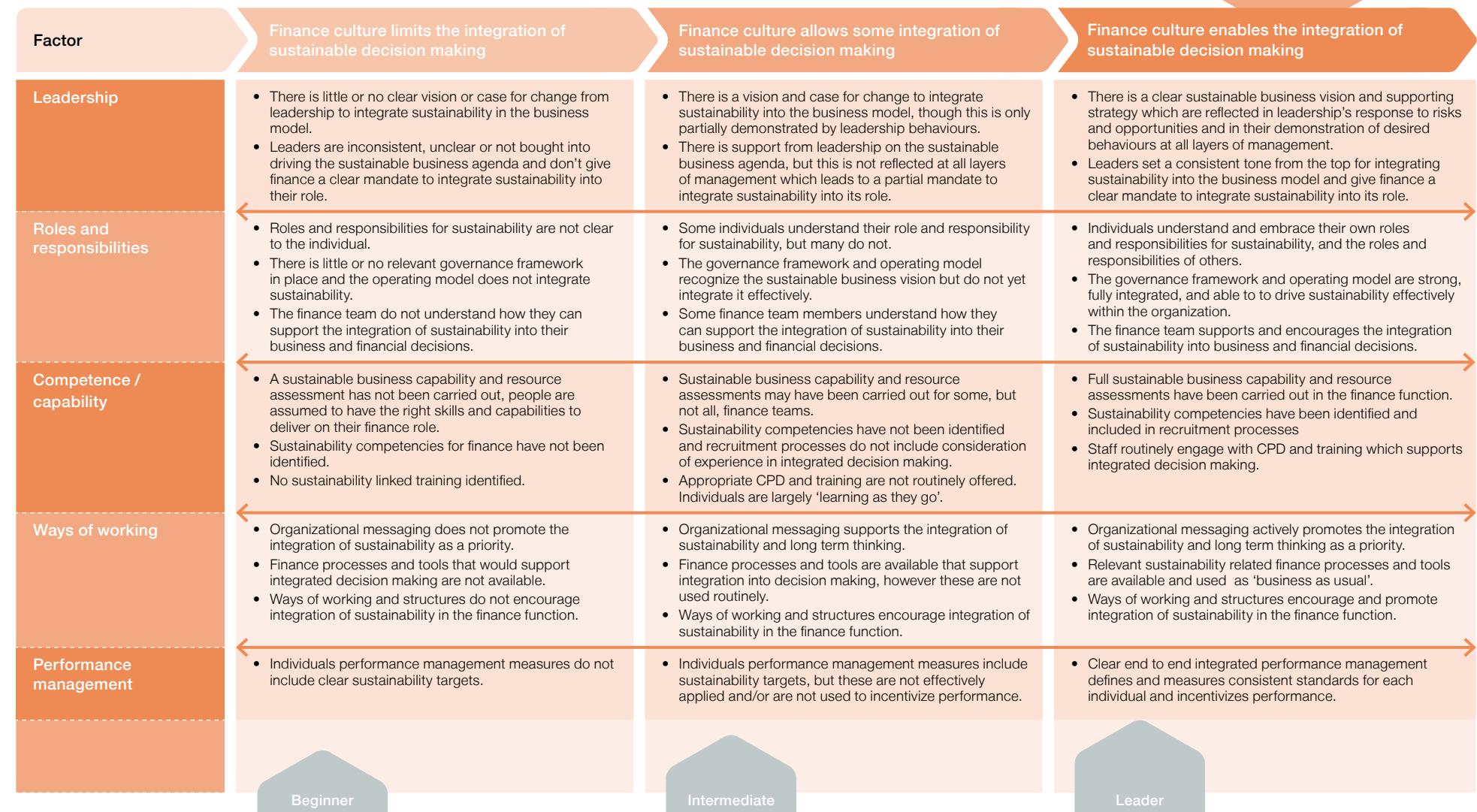
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# FINANCE CULTURE

## Putting finance at the heart of sustainable progress

How far is sustainability currently integrated into the finance function and its culture?



The maturity map is designed to enable you to assess what you are currently doing and how you can advance to a leading position. It has been developed as a way to capture the different dimensions of finance culture.



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## TOOL 3

### Change readiness assessment

#### PURPOSE

To help understand how prepared the finance function is to change its culture to integrate sustainability. The responses will help to direct strategies that will address any readiness deficiencies.

#### Instructions

1. Give each participant, or a sample of individuals from the desired group, a copy of the questionnaire. Consider using an online survey tool to simplify the process and to support analysis of the results.
2. Each participant fills in the questionnaire.
3. Collate the results.
4. Use the results to understand in which areas the readiness for change is greatest and the weakest.
5. Use this to inform and design your change strategy.

#### WHAT IS IT?

A question based tool to help understand how prepared the finance function is to embrace the changes needed to integrate sustainability into their work.

In addition to the ‘tone from the top’ promoting and enabling the integration of sustainability into finance, organizations also need to understand the readiness of the finance team to accept change.

The assessment does not identify individuals and is not an employee staff survey but can provide insights into the team’s readiness to take action to integrate sustainability into the finance function.

We have provided two tailored versions of the tool, depending on whether the change is for the:

- Whole organization – where sustainability is being embedded into finance at the same time as embedded into the organization as a whole.
- Finance team – where the organization has already made strong moves towards operating more sustainably but the finance team has not yet been engaged.



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# TOOL 4

## Change management roles

**PURPOSE**

To identify relevant characteristics for members of the change management team.

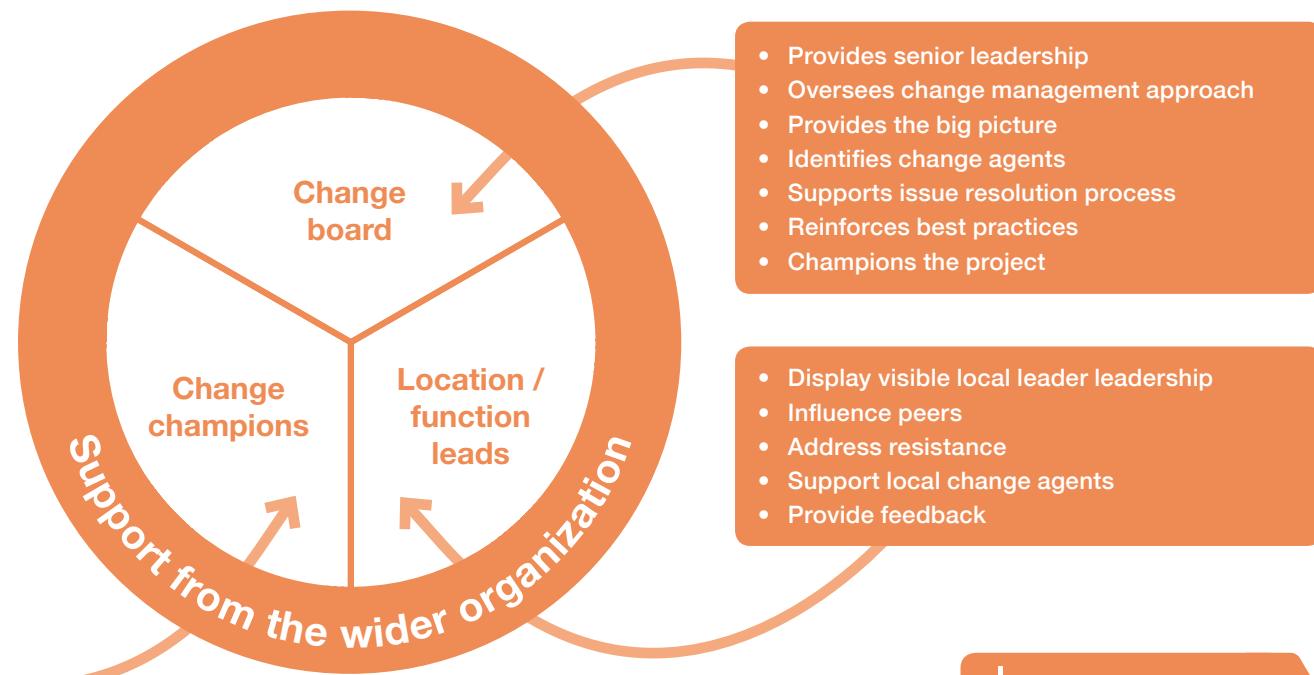
As it is people who drive change, a strong trusted network of informed people will help enable change. This network, or 'Change Management team', is a collective group of people who will work together independently to achieve change. Key roles to identify are:

- Change board
- Change champions
- Location / function leads

- Have strong understanding of change
- Influence colleagues
- Provide input into change approach for group
- Deliver messages
- Reinforce best practices
- Provide feedback to project team

**CHANGE MANAGEMENT TEAM**

Collective group of people who will work together and independently to achieve change.



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# TOOL 5

## Leadership alignment

### PURPOSE

To help the finance team and its leaders understand the business case for change and collaborate to achieve the common goal.

Embedding sustainability into the finance function and throughout the organization requires the active support of the leaders of the organization, including the CFO as the leader of the finance function. The steps below will help align the leaders behind a common vision and then help the rest of the team align with the leaders.

Step	Detail	Go to
STEP 1: Develop a vision and business case for change	Develop a vision and a business case for change and strong arguments for embedding sustainability within the daily operation of the organization.	Vision and business case for change
STEP 2: Align leaders with the vision	Hold a leadership workshop to align the leaders behind this vision and business case for change. This can be captured on the template provided.  Finance leadership can then translate this into what it means for the finance team.	
STEP 3: Finance leadership to run a business case for change workshop	Align the whole finance team with finance leadership through a workshop.  Create an implementation plan that is agreed and collectively owned by the team.	Workshop plan



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# TOOL 6

## Stakeholder analysis and change management

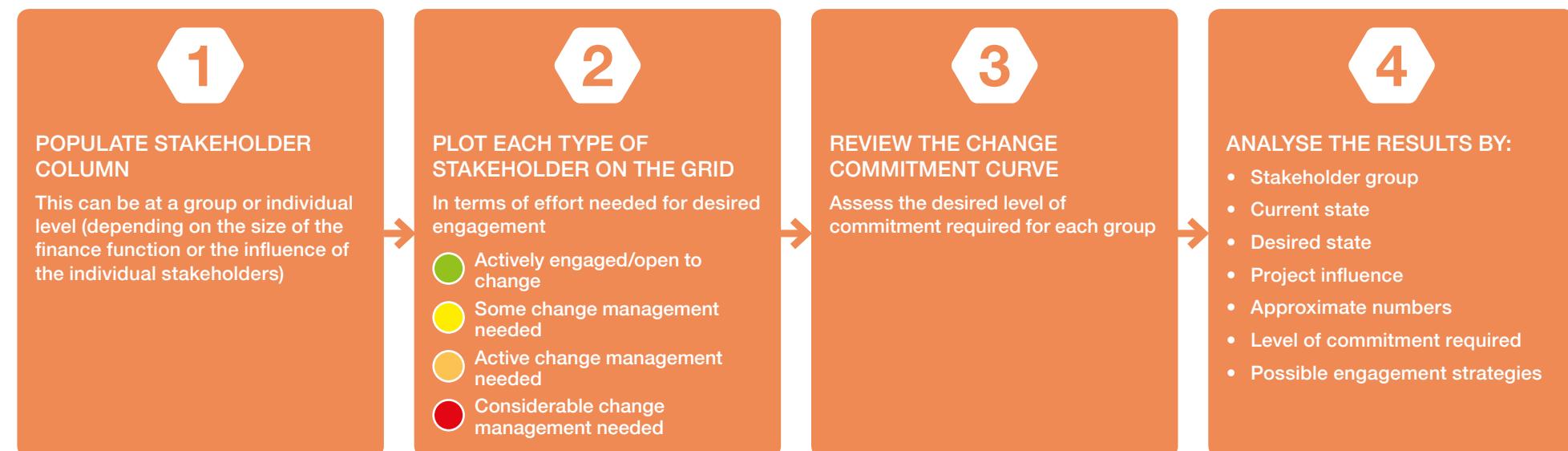
### PURPOSE

To help understand your stakeholders and ensure that communication activities are targeted appropriately. For example to help understand:

- The engagement needed to get support for the change

- The influence of stakeholders on the finance function
- The communication effort needed for each stakeholder group

This analysis can be performed at either an individual or a team level.



**Instructions:** Populate the stakeholder analysis table with the use of the influence/reaction grid and the change commitment curve.

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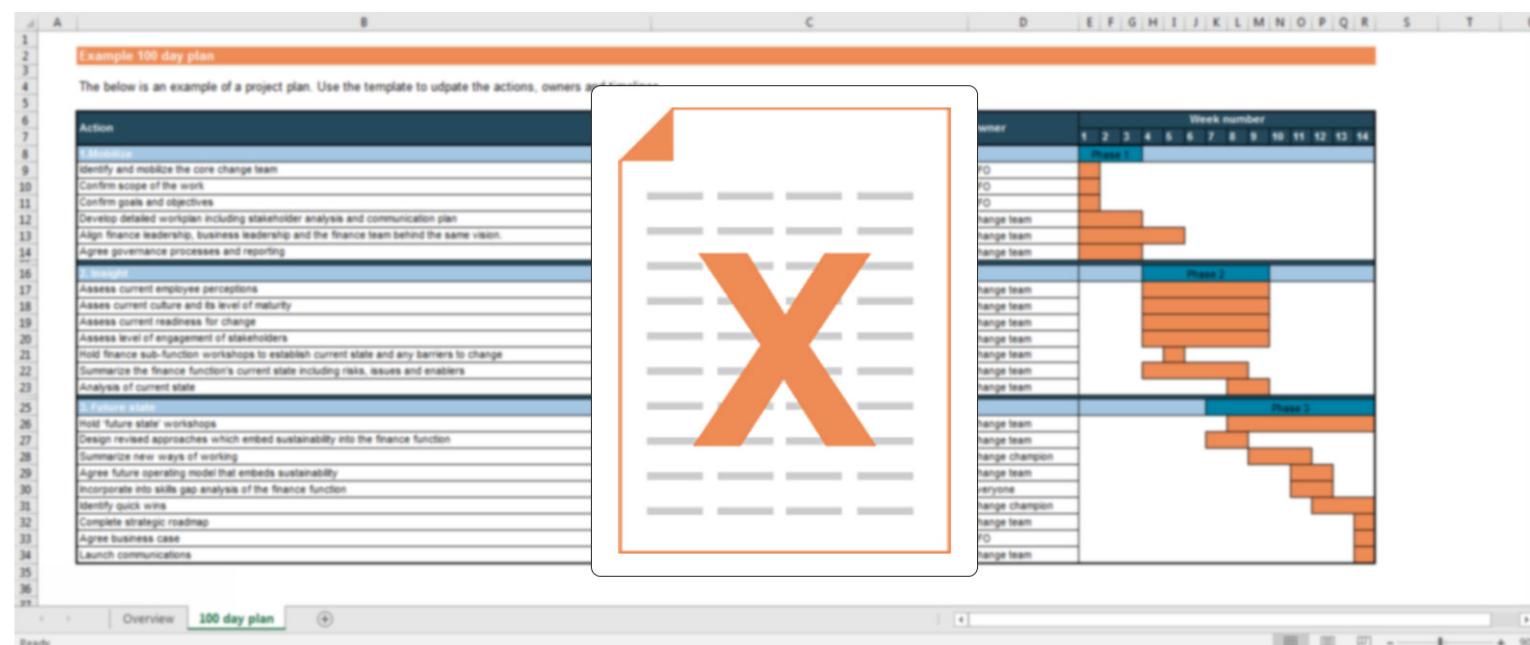
## TOOL 7

### 100 day plan

#### PURPOSE

To help make it happen. This illustrative plan will support you to implement the tools in this guide. It is designed to help you to assign roles and responsibilities and complete a 100 day plan, ensuring actions and responsibilities are clear and time bound.

We have created an example 100 day plan which can be edited to fit differing timescales and differing project plans. This plan is not meant to be prescriptive, but to act as a template for individual organizations to build on.



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## TOOL 8

### Finance function sustainability competencies

#### PURPOSE

To help understand the skills, knowledge and behaviours necessary for the finance team to succeed in embedding sustainability. The tool provides example sustainability competencies which could be built into or added to your finance competency framework and used as part of your annual performance cycle.

This tool provides examples of sustainability competencies for the finance team which can be used in the following ways:

As performance objectives in annual appraisals for the finance team

As desired qualities in recruiting new finance team members

To be included in your finance function competency framework

To provide resources for finance employees to develop their technical sustainability knowledge



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# THE A4S CFO LEADERSHIP NETWORK

## The Prince's **Accounting for Sustainability**

**Project (A4S)** was established by HRH The Prince of Wales in 2004 to convene senior leaders in the finance, accounting and investor communities to catalyse a fundamental shift towards resilient business models and a sustainable economy.

The A4S CFO Leadership Network was launched at St James's Palace in December 2013. It brings together a group of leading CFOs from large organizations that are seeking to embed management of environmental and social issues into business processes and strategy, and is currently the only Network of its kind.

The Network has worked on a number of projects including creating a finance culture which supports sustainable value creation, the subject of this guide. The outputs from the other projects are available from the A4S website [www.accountingforsustainability.org](http://www.accountingforsustainability.org)

**Our project team would value feedback on this guide from other organizations working in this area. Please send any comments to:**  
[accountingforsustainability@royal.uk](mailto:accountingforsustainability@royal.uk)

## NETWORK MEMBERS – EUROPE

**Geraldine Matchett**, Royal DSM

**Alan Stewart**, Tesco

**Scott Longhurst**, Anglian Water Group

**Julie Brown**, Burberry

**Simon Dingemans**, GSK

**Javier Echave**, Heathrow Airport

**Andy Agg**, National Grid

**Susan Davy**, Pennon Group

**Maria Ferraro**, Siemens

**Karim Hajjar**, Solvay

**Gregor Alexander**, SSE

**Seppo Parvi**, Stora Enso

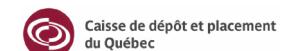
**Lars Løddesøl**, Storebrand

**Kate Bowyer**, The Crown Estate

**Liz Barber**, Yorkshire Water



Heathrow





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# THE A4S CFO ESSENTIAL GUIDE SERIES

## LEAD THE WAY

Developing a strategic response to macro sustainability trends

- Managing Future Uncertainty
- Engaging the Board and Senior Management\*
- Finance Culture
- Incentivizing Action\*

## MEASURE WHAT MATTERS

Developing measurement and valuation tools

- Natural and Social Capital Accounting
- Social and Human Capital Accounting

## TRANSFORM YOUR DECISIONS

Integrating material sustainability factors into decision making

- Strategic Planning, Budgeting and Forecasting
- Integrated Management Reporting\*
- Capex

## ACCESS FINANCE

Engaging with finance providers on the drivers of sustainable value

- Enhancing Investor Engagement
- Debt Finance\*
- Implementing the TCFD recommendations

\* Coming soon



A4S

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accountingforsustainability@royal.uk



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