

THE STATE OF **ESG**:
Insights From Our CFO Survey



Key FINDINGS

1 Economy

Economic disruptions are seen as the biggest risk to organizations in 2023. Price increases are the number one way that businesses have dealt with inflation (56%), followed by slowed hiring or reduced specific operational costs (47%).

Meanwhile, half of the businesses are reducing corporate spending and updating tax planning and provisions to prepare for updated tax reforms (both 53%).

2 Inflation

Three-quarters of financial leaders expect inflation to continue until mid-2023 or later and expect COVID-19-related supply chain disruptions to continue into 2023.

Most organizations have already made alterations to their financial forecasts and strategies in anticipation of an impending recession (85%), and nearly two-thirds of organizations (64%) expect a recession to last until late 2023 or later, similar to projected inflation timelines.

3 Technology

Additionally, although costs/budget support is seen as the biggest obstacle to investing in new technologies, financial leaders also anticipate greater investment in data analysis tools in 2023.

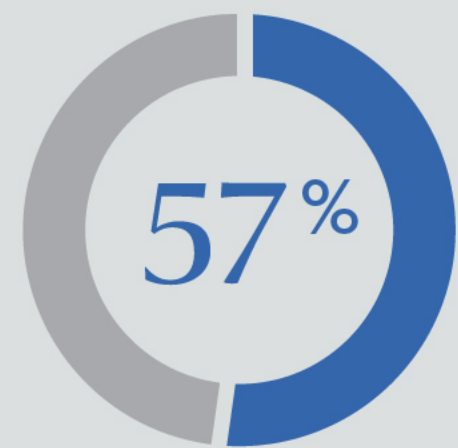
Currently, most (90%) organizations regularly (61%) or intermittently (29%) use cloud-based planning and reporting solutions, while a little under two-thirds (64%) use machine learning (regularly 20%; intermittently 43%).

Financial Leader

SNAPSHOT

2023 Investment Decisions

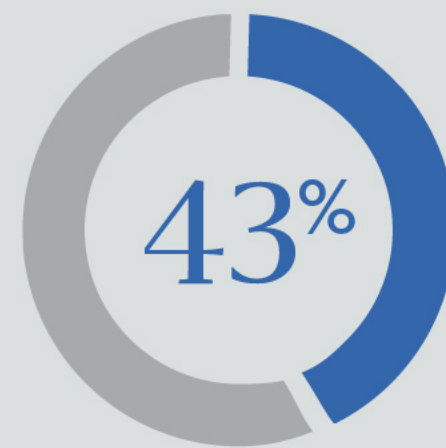
2023 INCREASED INVESTMENTS



CLOUD-BASED
PLANNING & REPORTING
SOLUTIONS



PREDICTIVE
ANALYTICS



ARTIFICIAL
INTELLIGENCE



MACHINE
LEARNING

47%

CONCERNED
ABOUT ECONOMIC
DISRUPTION

To Prepare For Inflation, They...



SLOWED HIRING
OR REDUCED COSTS



RENEGOTIATED
WITH SUPPLIERS



INCREASED
PRICES

ESG

INITIATIVES STILL IN FOCUS

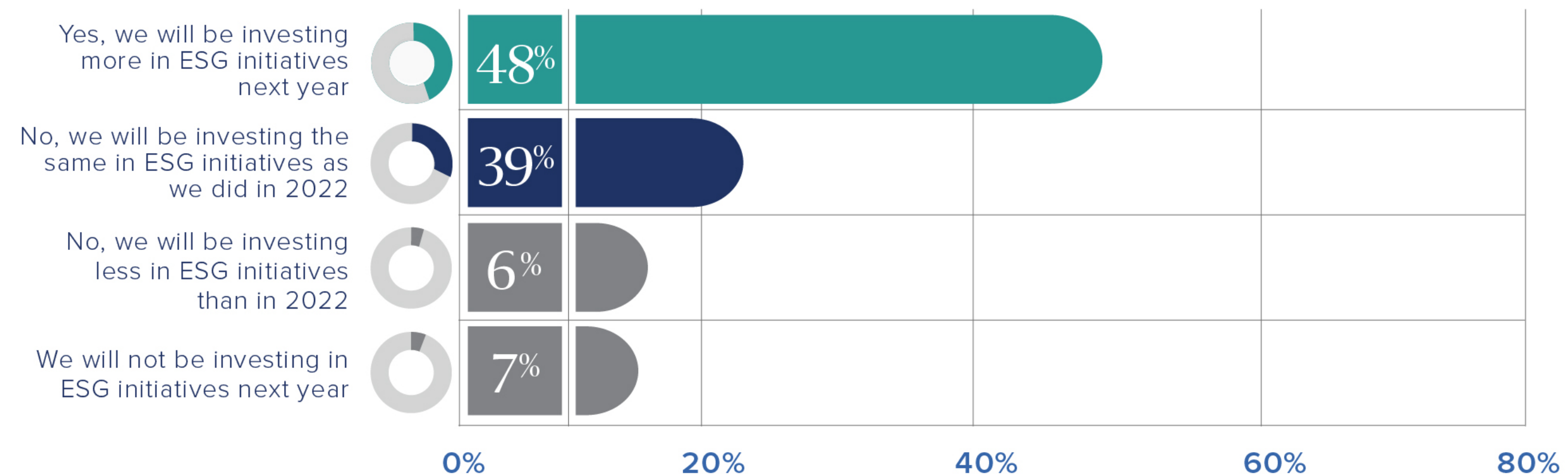
ESG reporting guidelines are converging.

New mandatory disclosure requirements are being proposed by the US SEC and regulators in other countries. Which means investments in ESG remain a priority.

Here's the proof:

Half of organizations surveyed expect to invest more in ESG goals and initiatives in 2023 than in 2022.

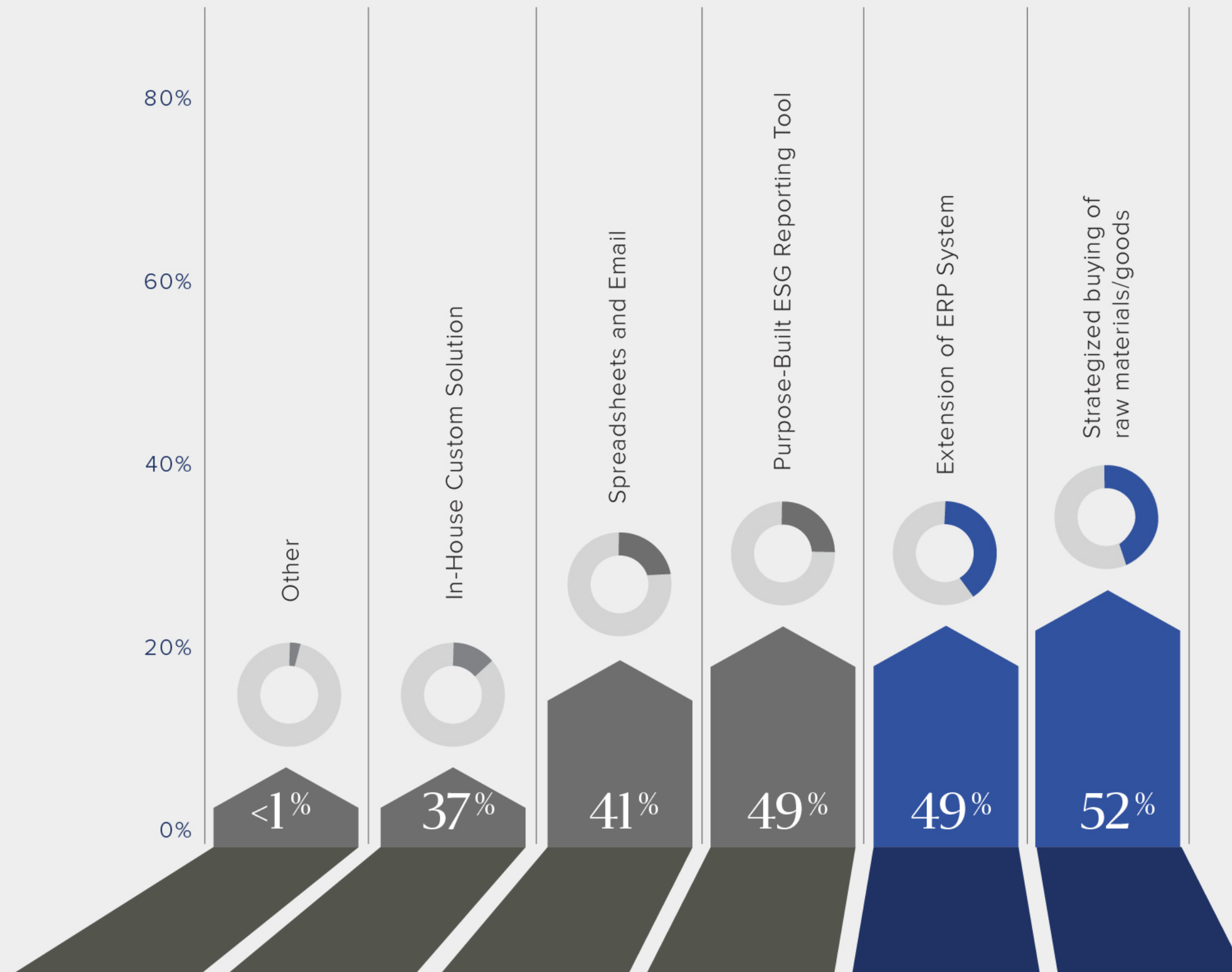
ESG INVESTMENT PLANS



AS AN EXTENSION OF CPM SOFTWARE

What type of software are financial decision-makers either currently using or planning to use to support **ESG reporting** and **data collection**?

ESG DATA COLLECTION AND REPORTING SOFTWARE



The survey says: **CPM extensions are the most used software.**

But ERP system extensions and purpose-built ESG reporting tools are also used by half of organizations (**49% each**).

ESG INVESTMENT PLANS

How are financial executives planning to prepare for changing ESG reporting requirements?

The survey says: Just under half have already started or plan to start forming an internal ESG/Sustainability team to define policies and disclosures.

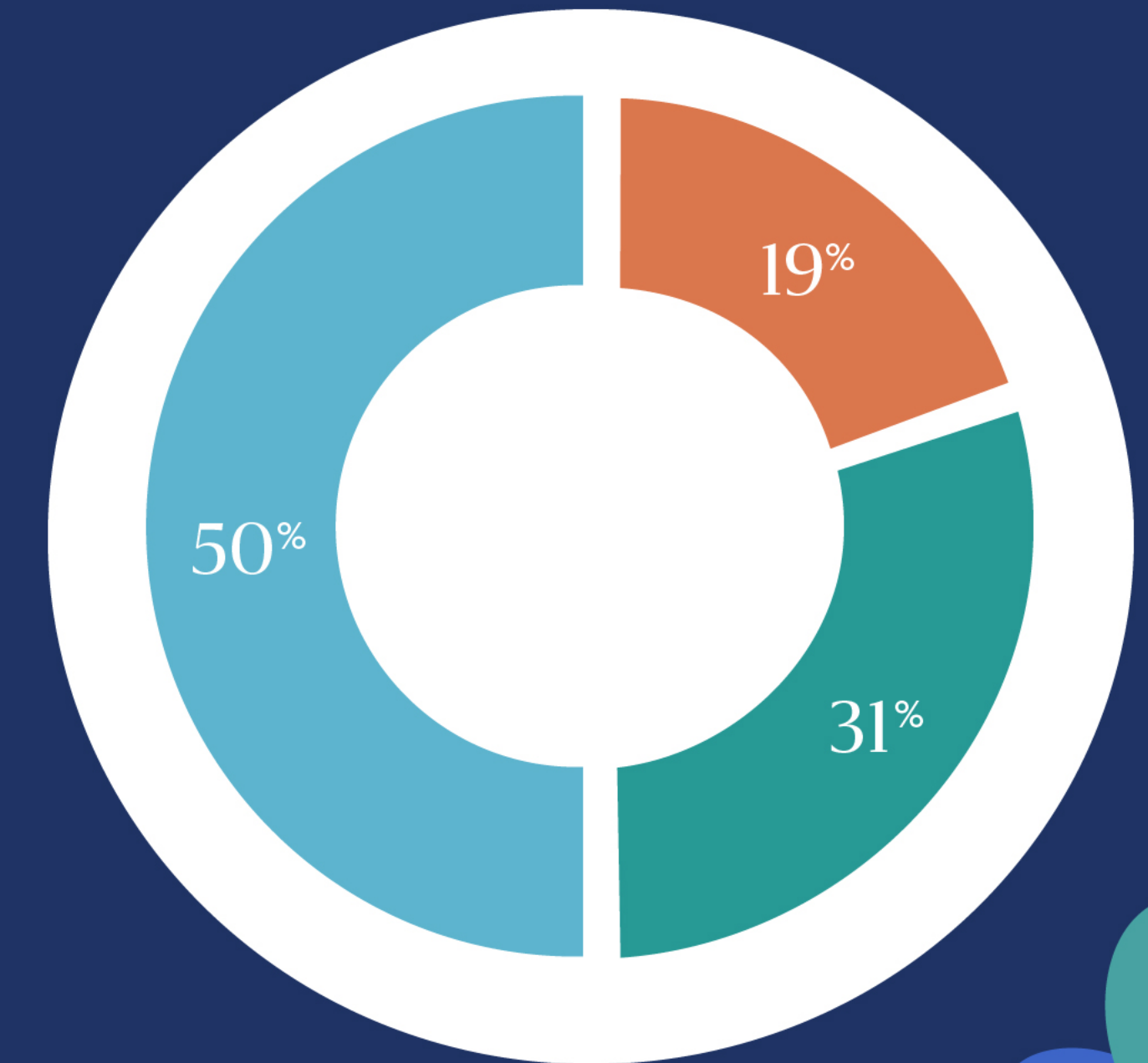
PREPARATIONS FOR ESG CHANGE

| | |
|---|-----|
| Form an ESG/Sustainability team internally to define policies and disclosures | 43% |
| Begin implementing new ESG/Sustainability policies | 41% |
| Engage external consultants to help define ESG policy and disclosures | 38% |
| Invest in software to support the collection and reporting of ESG data | 35% |
| We don't have any plans to prepare for a potential ESG rule | 17% |
| Other | 1% |



ESG RULING PLANS

■ YES
 ■ NO
 ■ UNSURE





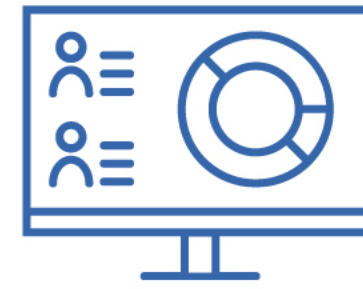
Respondent DEMOGRAPHICS



Decision-Makers

DEMOGRAPHICS

(n = 657)



JOB FUNCTION

| | |
|----------------------------------|-----|
| Chief Financial Officer (CFO) | 20% |
| Chief Accounting Officer (CAO) | 2% |
| VP of finance | 7% |
| VP of accounting | 3% |
| Controller | 8% |
| VP of Financial Reporting | 2% |
| VP of FP&A | 2% |
| Director of Finance | 13% |
| Director of Financial Reporting | 5% |
| Director of FP&A | 3% |
| Chief Information Officer (CIO) | 9% |
| VP/Director of Financial Systems | 5% |
| None of these | 21% |



ROLE IN FINANCIAL DECISION-MAKING

| | |
|--|-----|
| Primary decision-maker | 39% |
| Share authority | 43% |
| Participate by giving input/feedback** | 18% |



ORGANIZATION 2021 REVENUE

| | |
|--------------------------------------|-----|
| Under \$100m | 18% |
| \$100m to \$499m | 23% |
| \$500m to \$999m | 19% |
| \$1b to \$4.99b | 18% |
| \$5b to \$10b | 8% |
| Over \$10b | 8% |
| I don't know / Prefer not to respond | 7% |

Industry

DEMOGRAPHICS (n = 657)



| | |
|---|------|
| Accounting | 4% |
| Advertising | < 1% |
| Aerospace/Aviation/Automotive | 1% |
| Agriculture/Forestry/Fishing | < 1% |
| Biotechnology | < 1% |
| Business / Professional Services | 4% |
| Business Services (Hotels, Lodgings Places) | < 1% |
| Computers (Hardware, Desktop Software) | 6% |
| Communications | 1% |
| Construction / Home Improvement | 5% |
| Consulting | 4% |
| Education | 11% |
| Engineering / Architecture | 2% |
| Entertainment / Recreation | 1% |
| Finance / Banking / Insurance | 10% |
| Food Service | 1% |

| | |
|--|------|
| Government / Military | 3% |
| Healthcare / Medical | 7% |
| Internet | 1% |
| Legal | < 1% |
| Manufacturing | 11% |
| Marketing / Market Research / Public Relations | 1% |
| Media / Printing / Publishing | 1% |
| Mining | 1% |
| Non-Profit | 1% |
| Pharmaceutical/Chemical | 1% |
| Research/Science | < 1% |
| Real Estate | 2% |
| Retail | 5% |
| Telecommunications | 3% |
| Transportation / Distribution | 4% |
| Utilities | 2% |
| Wholesale | 0% |
| Other | 5% |