



Finance Innovation Survey 2022

How Finance executives in Switzerland relate
to sustainability



Foreword

This year's Finance Innovation Survey addresses the question of how Finance executives in Switzerland relate to sustainability. Our goal is to shed light on the role of the Finance department in sustainability; examine sustainability reporting; explore processes, systems and data; and highlight the talents and skills situation that can enable Finance to act as a catalyst for a company's sustainability efforts.

Last year's report revealed that the most important shift in Finance's portfolio of activities was the deployment of technologies to exploit the full potential of data, including environmental analyses.

This year Finance executives in Switzerland were asked about their perception of the current state of the Finance function and their vision for its future in relation to sustainability. Currently there is a gap between Swiss Finance leaders' aspiration to play an integral role in sustainability and their readiness to be part of that transformation. In this report, you will find ideas on how to bridge the gap between Finance leaders' aspirations and current capabilities.

We hope this report provides you with insights that will help you to deal with the challenges and increasing demands posed by sustainability, and we look forward to continuing the dialogue with you.



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Key findings



Role of Finance

- The vast majority of Finance executives surveyed believe that incorporating sustainability will have benefits for their business, society and the planet that will, in the long term, far exceed the associated costs. Also, companies are aware of the increasing importance of Finance in the context of sustainability.
- Despite the awareness and broad consensus on the increasing importance of Finance in Sustainability efforts, the precise role that Finance will play in the future has yet to be defined.



Sustainability reporting

- Currently about half of the companies surveyed report sustainability measures and key performance indicators (KPIs) as part of their external reporting cycles. The majority of these companies are publicly listed with more than CHF 1 billion in annual turnover. One in four companies surveyed report sustainability KPIs on an ongoing basis as part of their management reporting.
- Companies, whether publicly listed, private or in the state sector, are using a variety of sustainability reporting frameworks or standards, and there is little sign of a trend towards use of one particular framework or standard.



Systems, processes and data

- Current data analytics infrastructure and tools are not adequate, for most companies surveyed, to support the measurement of performance against their sustainability goals.
- Companies have the strong intention to leverage digital technologies further in Finance.



Talent and skills

- Almost half the companies surveyed cite a lack of the needed talent and skills as serious obstacles to meeting regulatory requirements for sustainability reporting.
- The vast majority of the companies recognise the need for sustainability expertise. Almost half have already begun to hire sustainability experts or people with an interest in sustainability.



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01.

The role of Finance in sustainability

Finance as a future catalyst

Summary

- Most companies have clearly defined sustainability goals and see Finance as a driving force behind achieving them.
- There is a broad consensus on the increasingly important role that the Finance function should play in sustainability but its precise role is not yet clearly defined.





Finance's sustainability power not yet unleashed

Illustration 1: Please indicate to what extent you agree with the following statement: **“Sustainability plays an increasingly important role for Finance”**.

Sustainability is becoming more important for Finance. More than 70% of Finance executives surveyed agree that sustainability is playing an increasingly important role for them. However, 21% have no clear opinion, and 7% do not see sustainability as a central task for Finance.

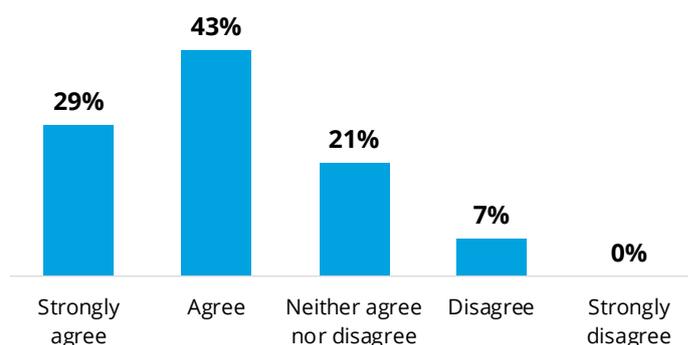
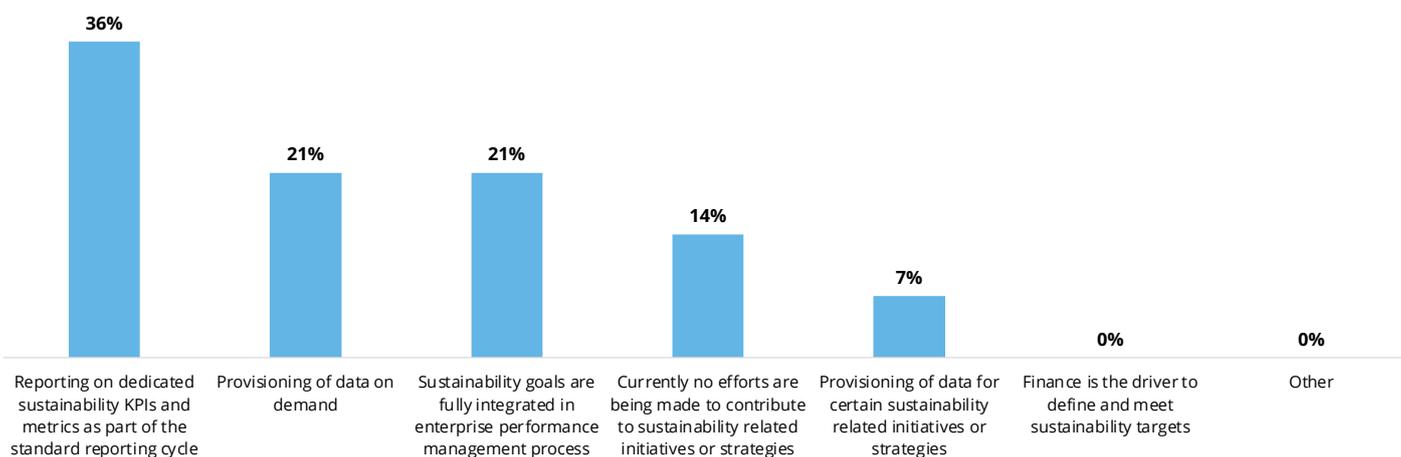


Illustration 2: **Which of the sustainability goals is your Finance department trying to achieve or contribute towards?**



Today, Finance mainly fulfills the role of a reporting function. Currently, 64% of Finance executives surveyed contribute to the provision of dedicated sustainability-related reporting (36%), to the provision of data on demand (21%) or certain sustainability related initiatives or strategies (7%). More than one fifth (21%) have sustainability goals fully integrated in their enterprise performance management process. However, 14% state that there are no efforts being made to contribute to sustainability related initiatives or strategies.



Illustration 3: What role does your Finance organisation aspire to in the sustainability domain?

Driver (22%)

Track and evaluate efforts and outcomes of sustainability initiatives to ensure sustainability targets are being met

Not active (9%)

Finance has no major role for sustainability

General reporter (9%)

Collect, analyse, assure, and report all sustainability related information



Strategist (17%)

Translate sustainability into monetary terms and help to embed sustainability into the corporate strategy

Guardian (17%)

Create transparency and reveal most relevant sustainability issues and metrics to safeguard the company in the long run

Financial reporter (17%)

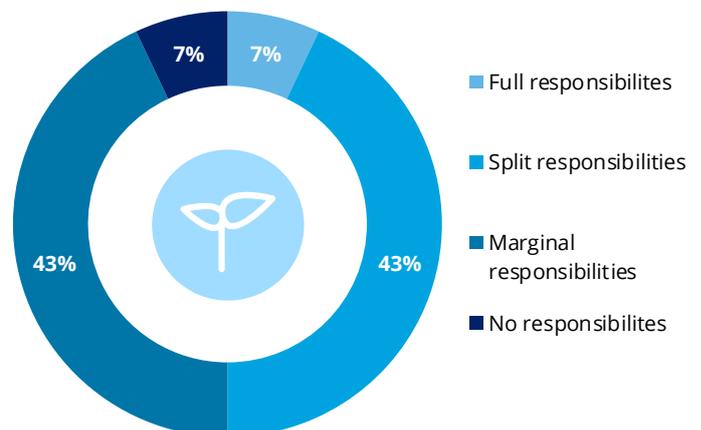
Collect, analyse, assure, and report Finance related sustainability information

Finance is seen as a driver to turn sustainability into long-term value. The sustainability role that Finance functions aspire to in the future ranges widely. Slightly more than a fifth of respondents, 22%, see Finance as a future driver of sustainability while the roles of strategist, guardian or financial reporter are each seen by 17% of respondents as Finance's prime role. Combining the objectives of these individual roles leads to the conclusion that Finance aspires to act as a holistic catalyst to accelerate the company's sustainability efforts.

Illustration 4: How is the responsibility for sustainability currently structured?

Finance's responsibility for sustainability is divided.

Where this responsibility lies divides our respondents in two opposing halves. One half sees currently Finance as the main domain for sustainability efforts (full responsibilities, 7%) or responsible for sustainability reporting and a dedicated sustainability officer is in place (split responsibilities, 43%). For the other half Finance is marginally responsible for sustainability (marginal responsibilities, 43%) or not involved at all (no responsibilities, 7%).





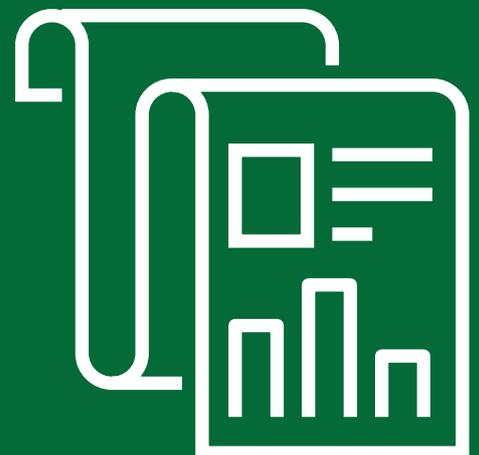
02.

Sustainability reporting

Data is not only the currency of the future but also the lifeblood of ESG (Environmental, Social, Governance) reporting

Summary

- More than 50% of the companies surveyed report on sustainability measures and KPIs as part of their reporting cycles.
- Only 25% of the companies surveyed report continuously on their sustainability-related KPIs as part of their management reporting.
- Companies follow a diverse set of sustainability reporting frameworks or standards.





The first sustainability reporting steps have been taken

Illustration 5: **Does your company currently report on sustainability measures as part of your reporting cycle?**

Sustainability reporting is becoming part of companies' reporting cycle. 54% of the companies surveyed state that they report on sustainability measures as part of their external reporting cycles. 46% of the companies surveyed do not.

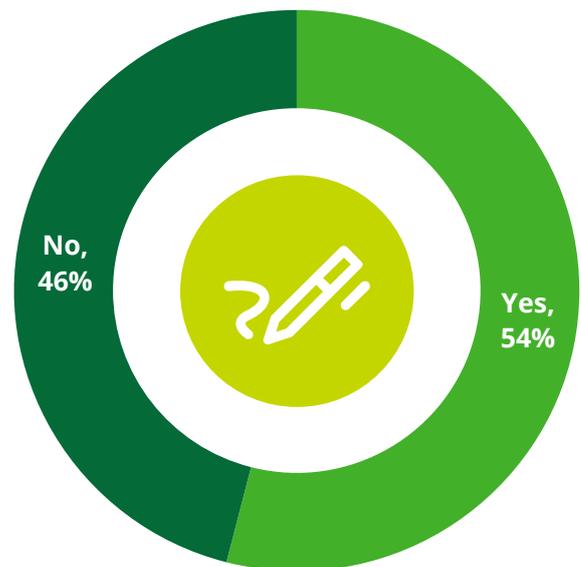


Illustration 6: **How often do you report on your sustainability-related KPIs (once per year for external purposes vs constantly as part of the management reporting)?**

Half the companies surveyed report on sustainability-related KPIs once a year for external purposes. 1 in 4 companies report continuously as part of their management reporting.





Illustration 7: How do you evaluate business cases with non-financial aspects (e.g., improvement of resilience against climate risk)?

Non-financial aspects are considered in business cases when evaluating business cases. More than 50% of the companies surveyed include non-financial aspects in their business decisions, either fully or with certain restrictions, indicating that sustainability is already integrated into business decision-making.

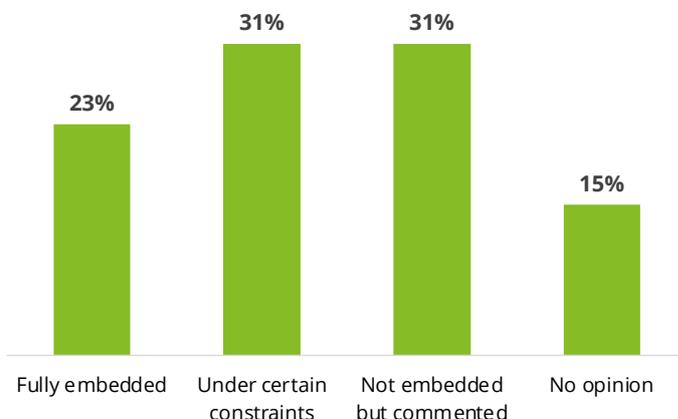


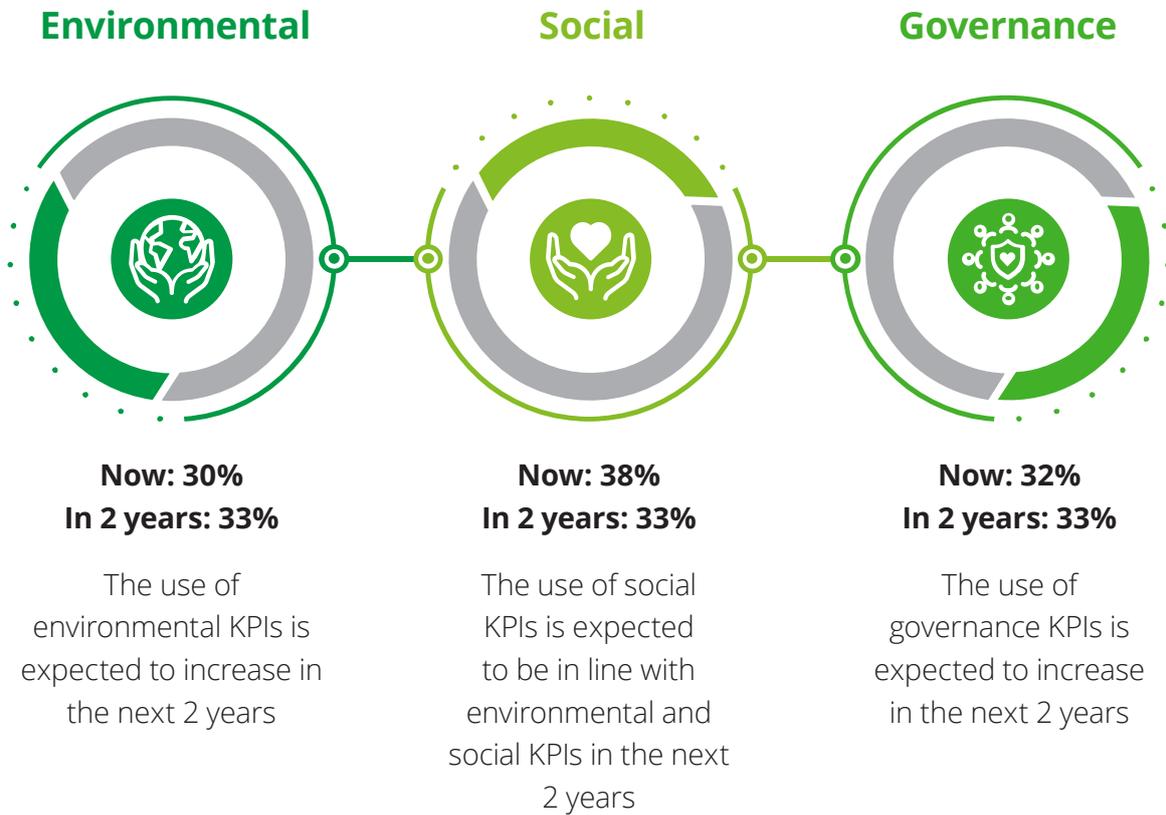
Illustration 8: Which sustainability reporting framework or standard (e.g., KPIs according to ESG) does your Finance organisation follow?



Companies follow numerous reporting frameworks, standards, and goals. Respondents' answers on which sustainability reporting framework or standard their finance organisation follows paint a diverse picture, with the UN's sustainable development goals, the Global Reporting Initiative, the International Integrated Reporting Council and the Taks Force for Climate-related Financial Disclosures standing out. 25% of Finance executives surveyed do not yet know which sustainability reporting framework or standard they follow.



Illustration 9: Please indicate which of the following KPIs/metrics your Finance organisation currently provides and which it expects to provide within the next 2 years.



Environmental and governance KPIs will gain in relative importance. 30% of the companies surveyed report on environmental KPIs, 38% on social ones, and 32% on governance ones. However, over the next two years the relative importance of environmental and governance KPIs is likely to increase, leading to an even distribution in ESG KPIs.



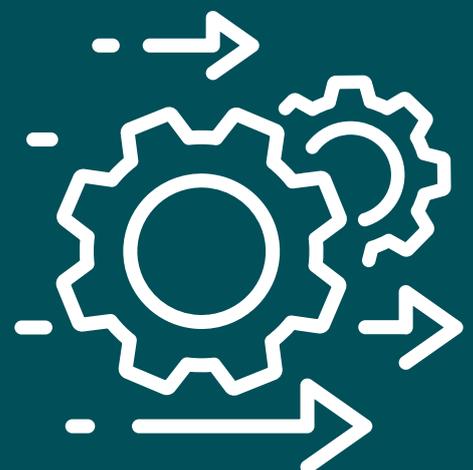
03.

Systems, processes and data

Digitisation of Finance is key to enabling it to effectively measure sustainability and produce adequate insights

Summary

- Most companies surveyed indicate that their current data analytics infrastructure and tools do not sufficiently support the measurement of performance on sustainability goals.
- Finance functions aim to make more use of digital technologies.





Leveraging the full potential of available technologies

Illustration 10: Please indicate to what extent you agree with the following statement: “My current data analytics infrastructure and tools sufficiently support the measurement of performance on sustainability goals”.

Measurement of sustainability requires companies to upgrade their data analytics capabilities. Almost half the companies surveyed (46%) state that their current data analytics infrastructure and tools do not adequately support the measurement of performance on sustainability goals. 31% agree or strongly agree with the statement.

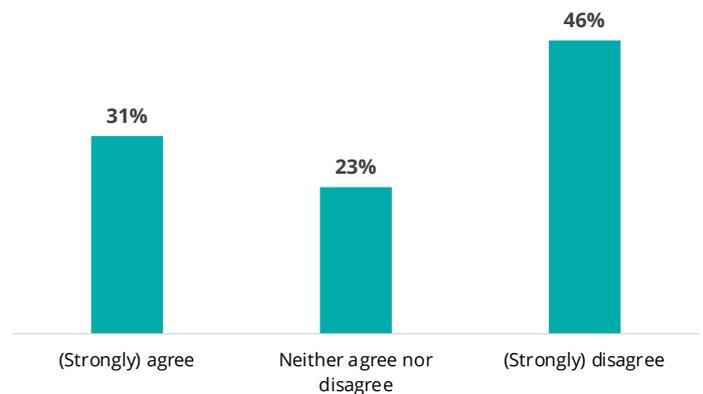
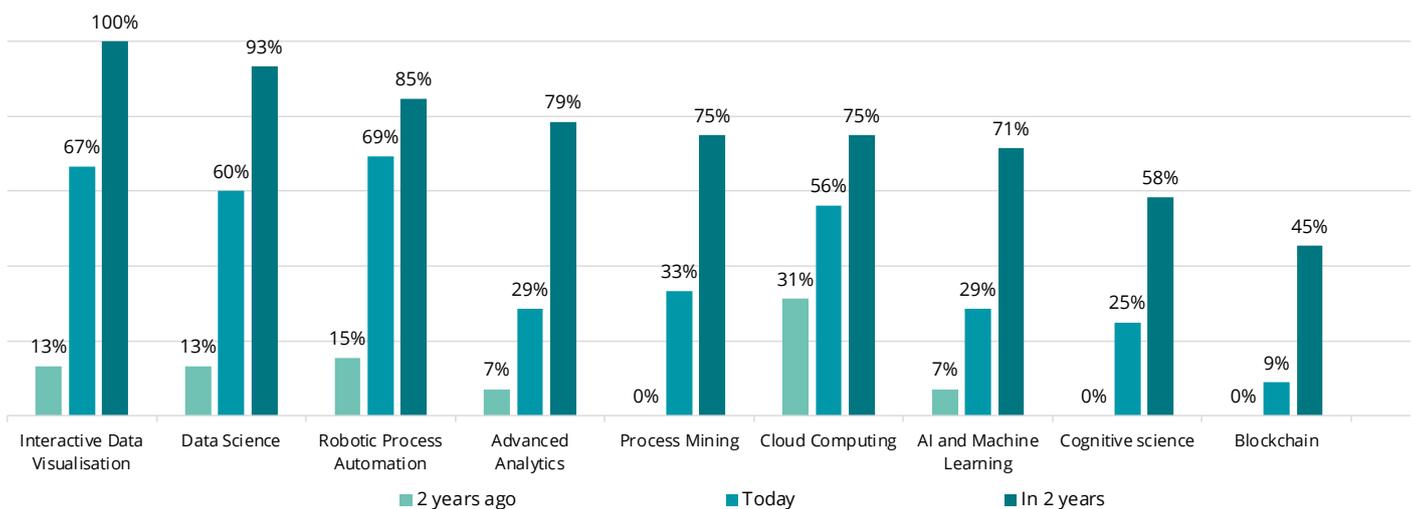


Illustration 11: In general (not only in sustainability), which of the following technologies were you using in your Finance organisation 2 years ago, are using today, and expected to use in 2 years? (it is assumed that if a technology is used 2 years ago, it is still used today and in 2 years).



The technology landscape in Finance is changing drastically. Respondents have greatly increased their use of digital technologies during the past two years. Leading the way is the adoption of Robotic Process Automation, Interactive Data Visualisation and Data Science used (respectively 69%, 67% and 60%). These technologies will remain the most adopted in two years. Particular large rises are foreseen in process mining, AI and Machine Learning, Cognitive Science, Advanced Analytics and Blockchain: the technologies seen as having the greatest potential to help Finance keep pace with the increasing demands it faces.



04.

Talent and skills

Talent and skills are key elements for sustainability in Finance

Summary

- New talent and skills are needed if the regulatory requirements for sustainability reporting are to be met efficiently.
- Companies have recognised the need to train and hire employees to address sustainability goals.
- Measures taken so far include the hiring of sustainability experts, employees with an interest in sustainability, and the adoption of incentive schemes linked to sustainability-related KPIs.





Sustainability makes its way into Finance talent and skills

Illustration 12: **What are the main gaps you see related to fulfilling regulatory reporting requirements on sustainability efficiently?**

Lack of the required talent and skills are the main obstacles to meeting regulatory reporting requirements on sustainability.

When asked about the challenges that stand in the way of efficiently fulfilling their regulatory reporting requirements on sustainability, 42% of the companies surveyed cited talent and skills. But for 30% of respondents technology was the chief problem and for almost a fifth (18%), their company's processes and vision.

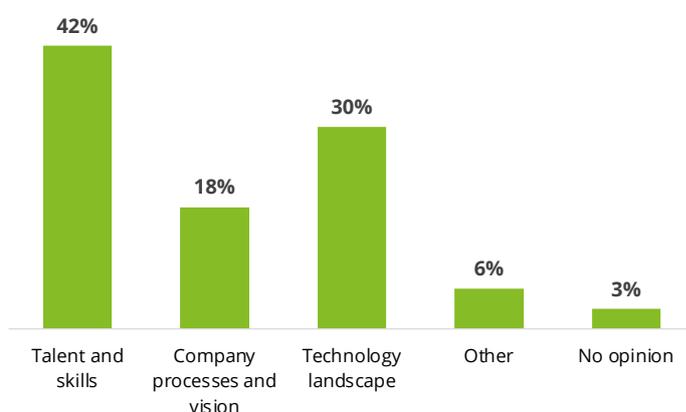


Illustration 13: **Do you already have the necessary skills in your Finance organisation to meet the challenges of sustainability reporting?**

Companies recognise their need for Finance practitioners who are savvy about sustainability.

The vast majority, 92% of the companies surveyed, have recognised their need for sustainability skills. More than 46% have already started to hire employees with an interest in sustainability or to engage sustainability experts. 8% (shown as Other in the illustration) declare that their reporting is done at headquarters level.

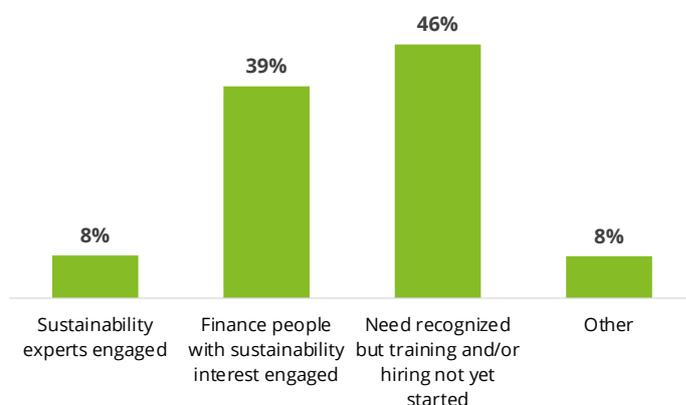
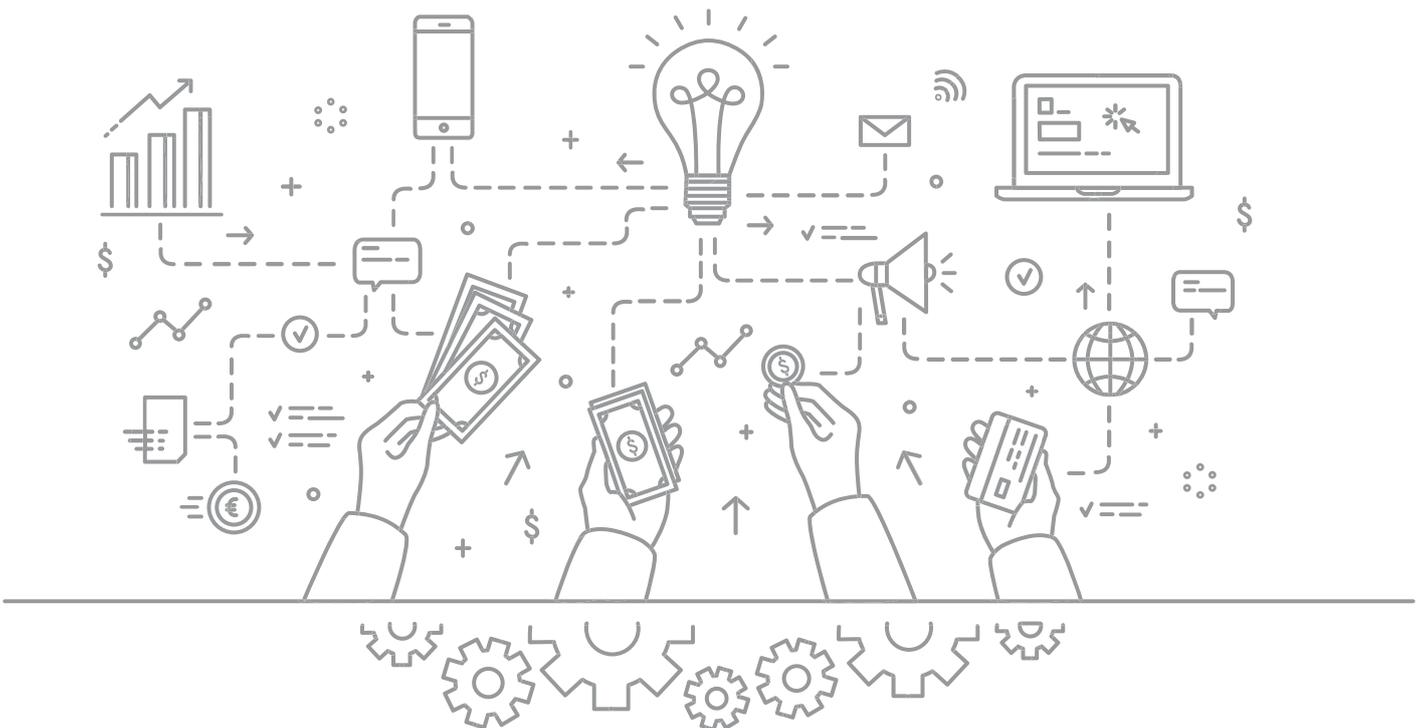
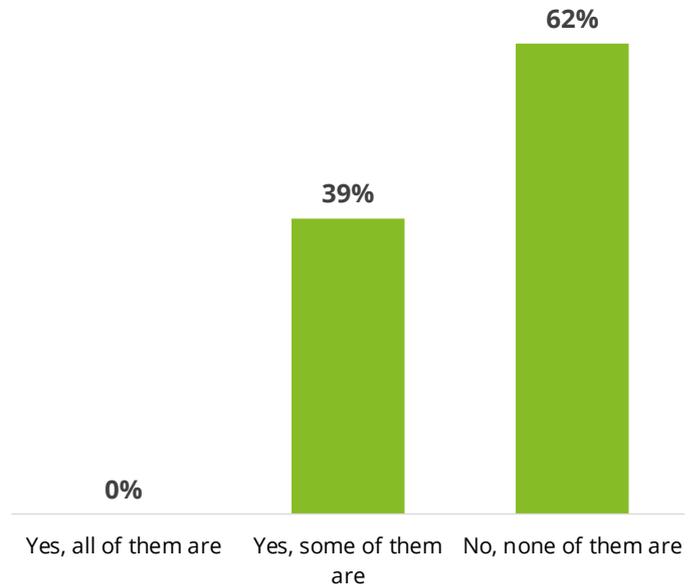




Illustration 14: Are your sustainability related KPIs linked to personal incentive schemes?

Companies have started to link sustainability-related KPIs to personal incentive schemes. 39% of the companies surveyed state that some of their sustainability KPIs are linked to personal incentive schemes.





05.

Moving forward: Deloitte's perspective



Role of Finance

- A modern Finance function acts as a catalyst for sustainability efforts and combines the role of strategic advisor and provider of insights to the business.
- This makes the Finance function the predestined partner for the business to define, track and support the fulfilment of sustainability goals.



Sustainability reporting

- As the disclosure of non-financial information will be mandatory in the future, it is in the interest of companies to think ahead and create the capabilities for sustainability reporting.
- Finance should become the hub for sustainability reporting. Non-financial data and information required for strategic decision-making should be integrated so that Finance is able to take on its role as key provider of sustainability-related information.



Systems, processes and data

- The definition, sourcing and quality of sustainability-related financial and non-financial data must become a key priority. Automation and digitisation will allow the Finance function to track and measure sustainability goals.
- Finance will be a key driver and enabler for companies to adapt operations and processes to achieve ESG objectives and reach targets – the responsibility will go far beyond reporting. In simple terms, business case decisions that follow only a positive net present value (NPV) need to be revisited.



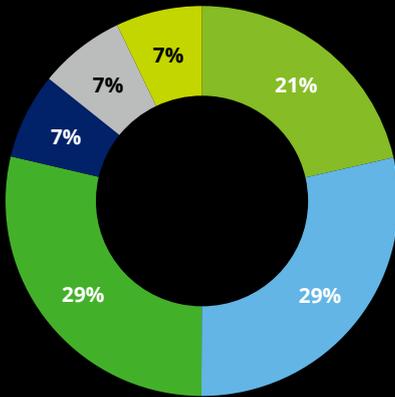
Talent and skills

- To meet the new sustainability challenges, Finance should offer dedicated training programmes on the sustainability reporting framework and KPIs and on the technical capabilities required.
- The hiring strategy should be aligned with the company's sustainability goals and focus on talent with the necessary sustainability knowledge, skills, and technological acumen.



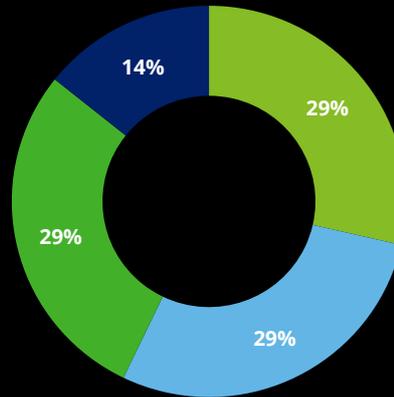
06. Demographics

Industry coverage



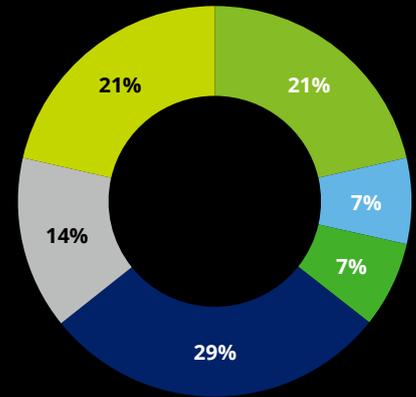
- Consumer Business
- Financial Services
- Life Sciences
- Manufacturing and Energy
- Public Sector
- Other

Annual turnover



- Over 20 billion
- 5 billion - below 10 billion
- 1 billion - below 5 billion
- Below 1 billion

Workforce



- Over 100'000
- 30'001 - 50'000
- 5'001 - 10'000
- 50'001 - 100'000
- 10'001 - 30'000
- Below 5'000

Illustration 15:
Please indicate your industry

The surveyed population covers all Swiss industries. Consumer, financial services, and life sciences have the strongest representation.

Illustration 16:
Please indicate your company turnover (in CHF)

29% of companies surveyed have an annual turnover of more than CHF 20 billion. 57% represent companies with revenues between CHF 1 billion and CHF 10 billion.

Illustration 17:
Please indicate the size of your company workforce

36% of respondents work for companies with less than 10,000 employees. 43% for companies with between 10,000 and 100,000 employees, and 21% in companies with more than 100,000 employees.



07.

Contacts and authors

If you would like to participate in our next survey or discuss the results, please do not hesitate to contact us.

For additional insights on the future of Finance, please refer to our [Crunch Time series](#) for CFOs.



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