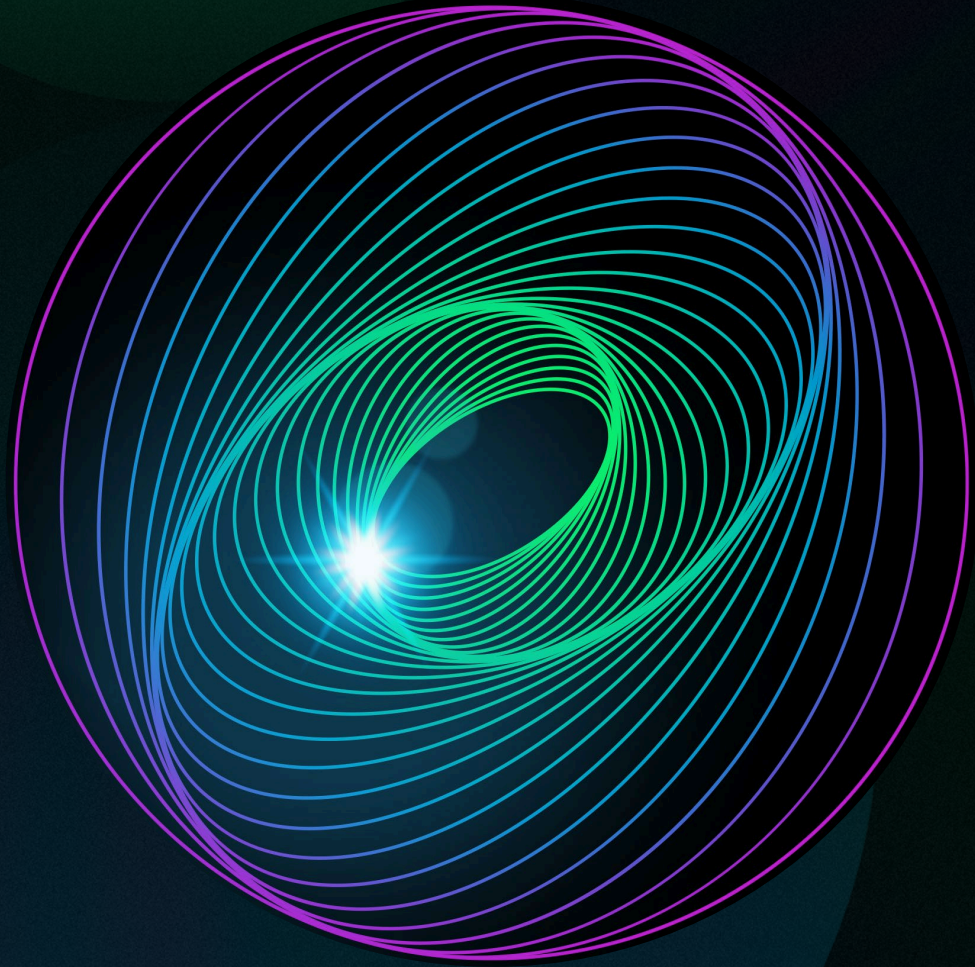


**Deloitte.**

**The CFO Program**



**Philippines CFO Forum 2024**

Decoding the CFO's trilemma:

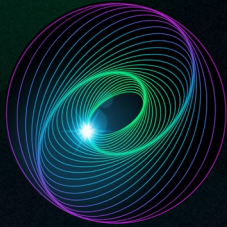
**Volatility, value,  
and capabilities**

22 August 2024, Thursday | 9:00 AM – 1:00 PM



**Deloitte.**

**The CFO Program**



Decoding the CFO's trilemma:  
**Volatility, value, and capabilities**

*Speakers & Panelists*



**Ho Kok Yong**

CFO Program Leader  
*Deloitte Southeast Asia*



**Kho Wei Ang**

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*Deloitte Asia Pacific*  
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**Brian Ho**

Sustainability & Emerging  
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**Anna Pabellon**

Assurance Leader  
*Deloitte Philippines*



**Jenny Menes**

Audit Partner  
*Deloitte Philippines*



## The CFO Program

SEA CFO Agenda  
2023/2024

Decoding the CFO's trilemma:  
Volatility, value, and capabilities

August 2024



# The SEA CFO's trilemma



## 1. Contending with volatility



1a. Conservatively opportunistic mindset

1b. Survival of the fittest



## 2. Creating long-term value



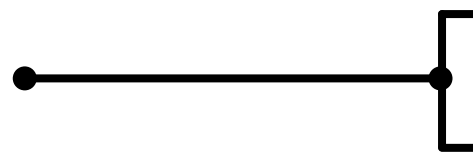
2a. If you want to go far, go together

2b. Doing well by doing good

2c. Data as the language of the CFO



## 3. Transforming capabilities



3a. Making sense (and cents) of AI

3b. Talent as the off-balance sheet asset

# Methodology

## BRIEF OVERVIEW

Between June and September 2023, Deloitte Asia Pacific surveyed 276 CFOs in the region to better understand their challenges and priorities.

The survey was conducted across five economies in Asia Pacific – namely, Australia, China, India, Japan, and Southeast Asia (SEA).

## COVERAGE

Indonesia



Malaysia

Philippines

Online survey in AP

Singapore

Thailand



Vietnam

1-on-1 interviews in SEA

## SECTORS



Consumer



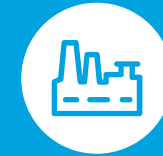
Energy, Resources & Industrials



Financial Services



Life Sciences & Health Care



Manufacturing



Public Sector



Technology, Media & Telecommunications



Conglomerates

# 1. Contending with volatility

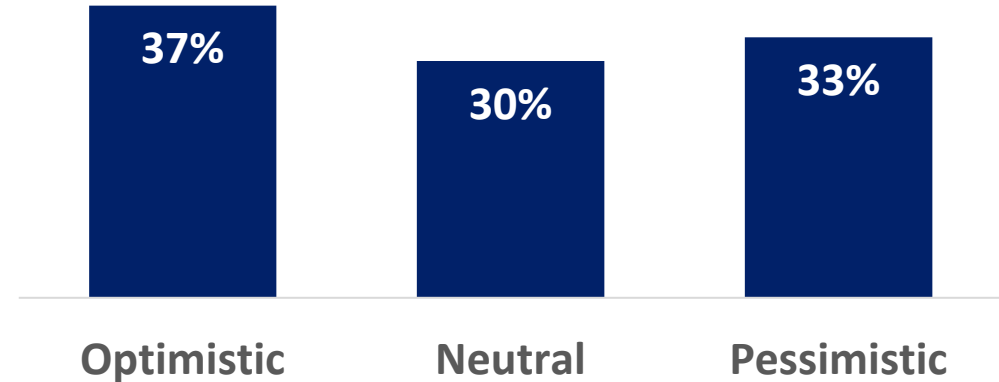
# 1. Contending with volatility



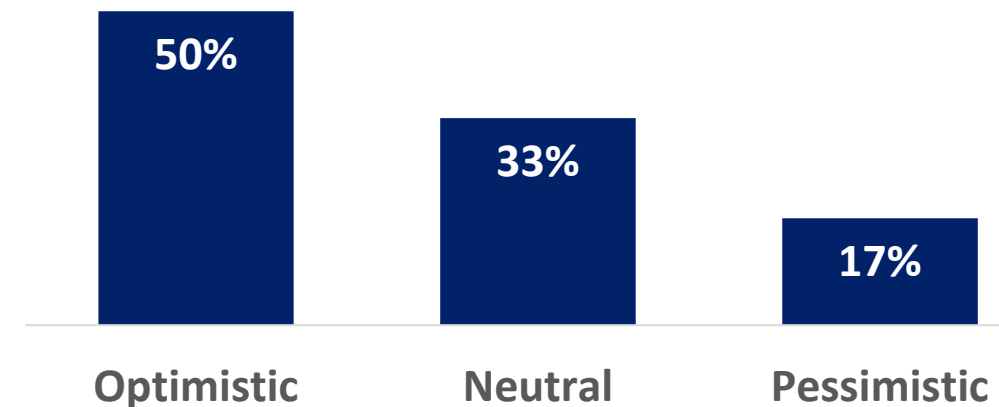
## 1a. Conservatively opportunistic mindset

- Despite being cautious about the economic outlook, SEA CFOs are still optimistic about their company's financial future. This confidence boost is a result of the learning experiences they encountered during the pandemic.
- Drawing lessons from the challenges posed by the pandemic, SEA CFOs have adopted a more proactive stance and are actively exploring diverse diversification strategies.
- Our study showed that CFOs have a sophisticated and nuanced approach to volatility – which aims to capitalise on its upsides while maintaining a cautiously opportunistic mindset

SEA CFOs' view on the economic outlook for the next 12 months



SEA CFOs' view on their company's financial prospects for the next 12 months



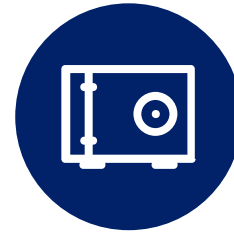
Note: Figures do not add up to 100% as respondents were allowed to select more than one option.

SEA CFOs developed a nuanced understanding of volatility, drawing from extensive networks of experts, enabling them to deploy opportunistic tactics to capitalise on economic micro-developments as they occur



## Philippines-based F&B company

- The CFO utilises both in-house teams and partners from the banking community and economists to analyse ongoing news flow. This analysis aids in identifying impacts on the company's risk management, funding, and profitability.
- Their analysis informs tailored strategies to mitigate regional risks in key markets and opportunistically strengthen capital and expedite market growth.



## Thailand-based financial institution

- Leveraging insights from in-house economists, the CFO tailors growth strategies for various customer segments and markets based on predictions of an uneven economic recovery.
- This includes distinguishing between segments facing tailwinds and headwinds, while consistently evaluating risk on net interest margins and non-interest income.



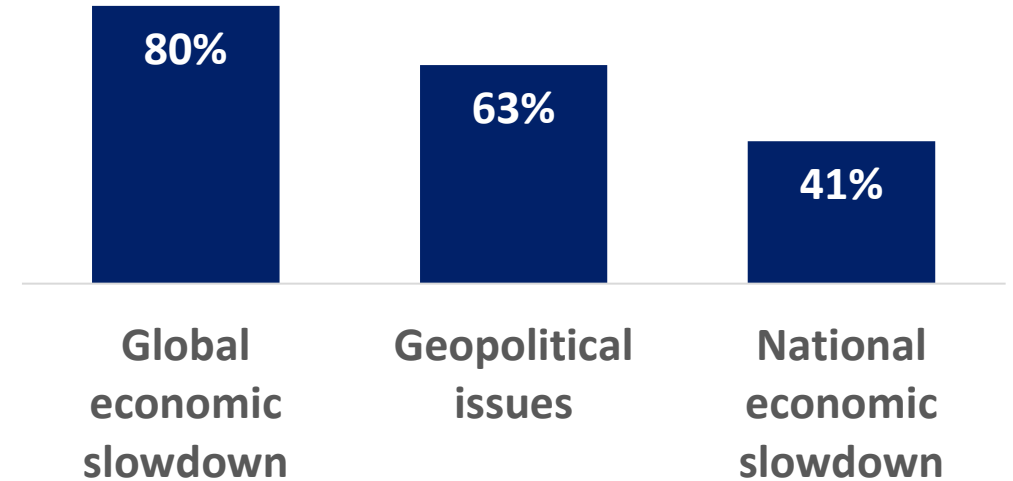
# 1. Contending with volatility



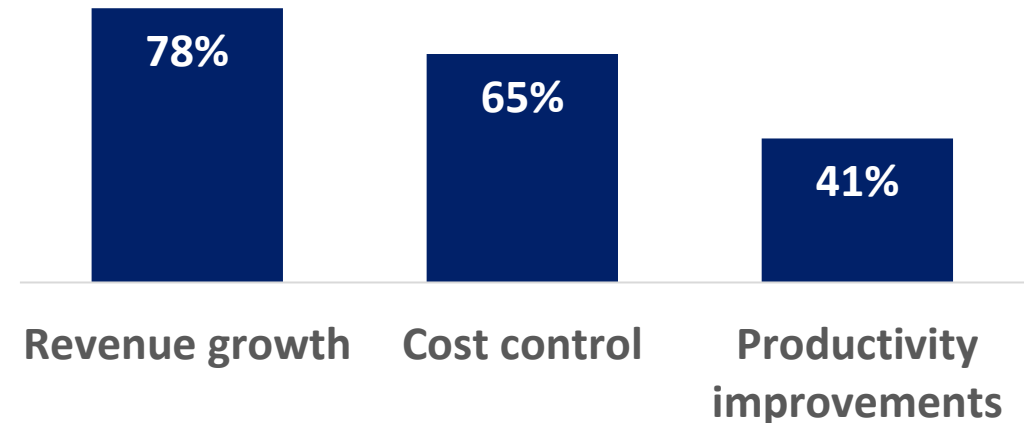
## 1b. Survival of the fittest

- CFOs are most concerned about geopolitical stability and as a result, SEA CFOs are preparing for worst-case 'Armageddon' scenarios.
- SEA CFOs also view the ongoing volatility as a 'survival of the fittest' test where they emphasise the importance of becoming leaner, more adaptable, and flexible to reduce cost.

Top three external risks



Top three priority areas



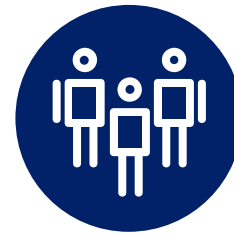
Note: Figures do not add up to 100% as respondents were allowed to select more than one option.

CFO at a Singapore-based tech company implements a proactive resource management strategy focusing on FP&A and forecasting to prepare for worst-case scenarios



## Incorporating additional stress parameters into the FP&A process

- This provides leeway for uncertain and unpredictable scenarios, while closely scrutinising both revenue and cost drivers.
- In doing so, the CFO aims to establish a sufficient cash flow buffer to navigate through extreme 'Armageddon' scenarios.



## Working with procurement and HR during forecasting

- The CFO acknowledges the necessity of balancing customer demands for price reductions during tough times with conflicting supplier expectations to prevent strain on relationships from both ends.
- Given that headcount freezes are a common practice when times get hard, essential HR data points are also included as inputs for the FP&A and forecast planning.

## 2. Creating long-term value



## 2. Creating long-term value



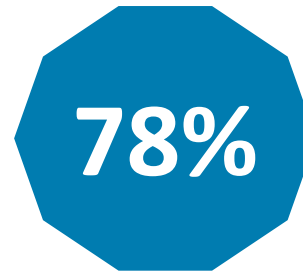
### 2a. If you want to go far, go together

- Our research showed an increased emphasis on the CFO's role in supporting the broader C-suite as they exercise their collective responsibility.
- It will become critical for the CFO and their function to possess effective business partnering capabilities.
- Many of the biggest challenges that CFOs face today – such as talent, AI, and ESG – are not confined to any one function. They are multidisciplinary and multifaceted, requiring organisation-wide collaboration and cross-functional orchestration.

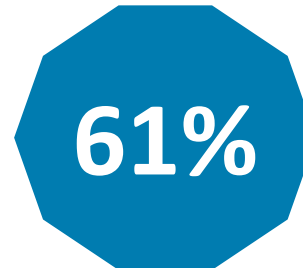
SEA CFOs face broadening stakeholder expectations and increased demand to lead transformation as well as assume new functional responsibilities



Expectations from C-suite leadership team



Demand to take the lead on transformations



Functional responsibility in newer areas

*Note: Figures do not add up to 100% as respondents were allowed to select more than one option.*

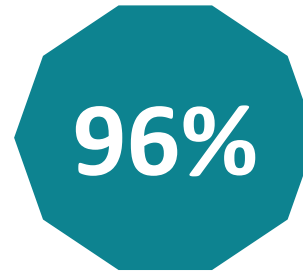
## 2. Creating long-term value



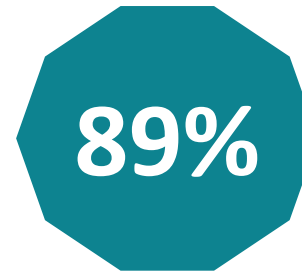
### 2b. Doing well by doing good

- Overall, SEA CFOs appear to be relatively prepared to fulfil their ESG mandates.
- Most CFOs we spoke to have already established processes to monitor their ESG metrics and implemented initiatives to reduce their carbon footprints.
- The overarching belief among SEA CFOs is that ESG must be commercially justifiable and be accompanied by meaningful financial returns.

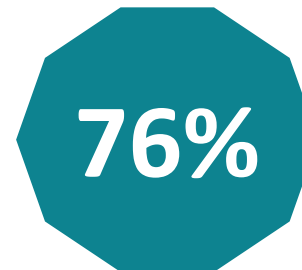
SEA CFOs are relatively prepared to tackle ESG priorities



Have adequate processes/plans to implement processes to comply with ESG requirements



Prepared or somewhat prepared to tackle sustainability, climate, and ESG priorities



Expect to see significant or moderate impacts of new ESG reg. requirements on financial reporting in 2-5 yrs

*Note: Figures do not add up to 100% as respondents were allowed to select more than one option.*

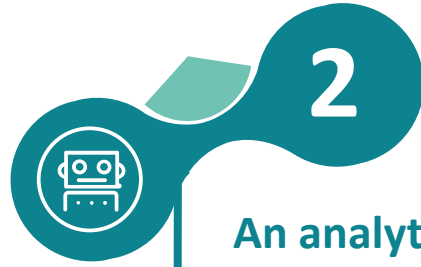
# The CFO at a Singapore-based tech company conducts cost-benefit and risk-reward analyses of ESG investments



1

## A balancing act

- Achieving cost competitiveness while offering environmentally friendly products is challenging.
- It necessitates rigorous cost-benefit and risk-reward analyses and balancing affordability with functionality.



2

## An analytical approach

- The CFO adopts a highly analytical approach to developing their product innovation strategy.
- They particularly focus on the significant fixed costs associated with each investment decision, such as capital expenditure on high-value proprietary technology equipment, when formulating assumptions and analysing ROI.



3

## Dynamic strategy execution

- During the strategy execution phase, the CFO emphasises assembling the right team and conducting scenario planning to prepare for deviations from the plan.
- Proactive decision-making, supported by timely and accurate data from financial controllers and business units, ensures dynamic and adaptable execution.



## 2. Creating long-term value



### 2c. Data as the language of the CFO

- Data is the primary basis of engagement with external partners and internal stakeholders.
- CFOs use data to get the C-suite aligned on strategy, engage investors, and collaborate with supply chain partners on ESG.
- SEA CFOs are making efforts to improve data processes to support business units in making more strategic decisions.

SEA CFOs face broadening responsibilities in reporting, volume of work, and stakeholder engagement

65%

Reporting due to emerging regulations and standards

65%

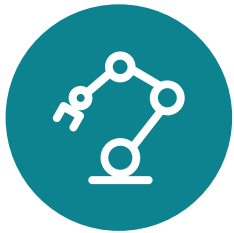
Volume of work within the traditional finance domain due to adoption of new regulations and standards

54%

Engagement with partners and stakeholders

*Note: Figures do not add up to 100% as respondents were allowed to select more than one option.*

# SEA CFOs are increasingly relying on technology and automation



## Singapore-based technology company

- Their CFO integrated the company's material resources planning (MRP) and manufacturing execution system (MES) across the different business units.
- These systems are also integrated with their vendors' systems.



## Thailand-based chemicals company

- This CFO embarked on an automation journey and has since deployed the use of RPA to support the finance team in closing their accounts.

# 3. Transforming capabilities



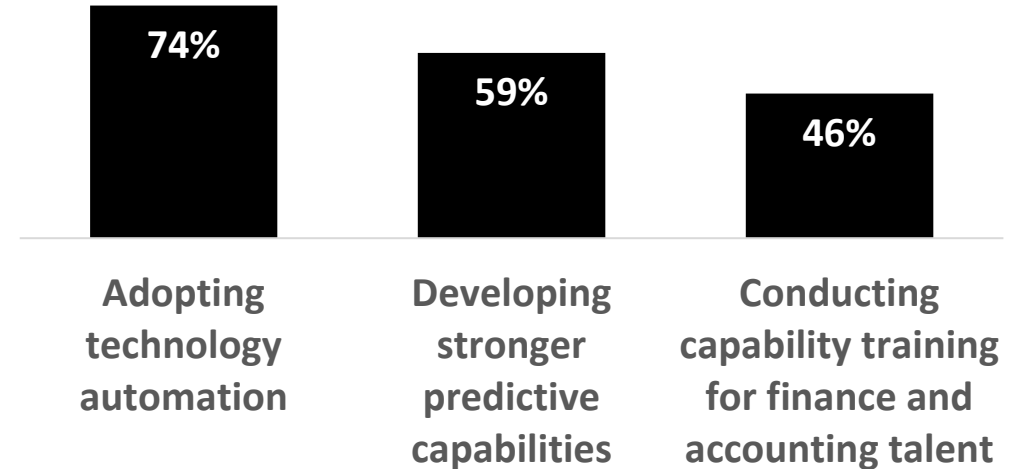
# 3. Transforming capabilities



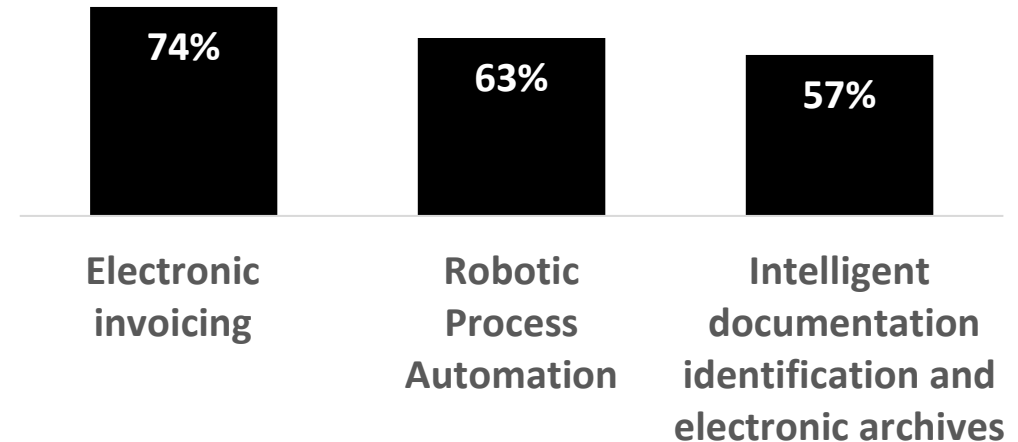
## 3a. Making sense (and cents) of AI

- Adopting technology automation and predictive capabilities are the two top-of-mind priorities.
- We spoke to SEA CFOs leading organisations with different digital ambitions. Many are only in the exploratory phases of AI and data.
- The top three most used technology enablers remain basic automation tools. The lack of clean and consistent data is the largest impediment to the uptake of advanced AI technologies.

Top three actions SEA CFOs are taking to protect and/or increase enterprise value

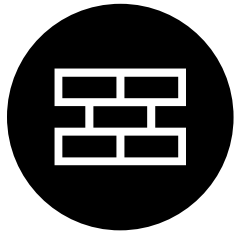


Top three technology enablers



Note: Figures do not add up to 100% as respondents were allowed to select more than one option.

# Deploying different methods to address the data challenge



## Malaysia-based infrastructure conglomerate

Development of a data lake will help:

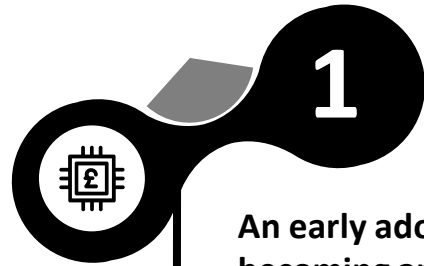
- Resolve some challenges stemming from data silos and data inconsistencies;
- Reduce the amount of manual effort required to prepare data for analysis.



## Thailand-based beverage company

- This CFO integrated their accounting system into the production line.
- This enables real-time production data to be fed to the finance function and gives the team the ability to identify even just a small cost reduction, which could have significant impacts on their bottom line.

# Ensuring investments in technology deliver tangible value



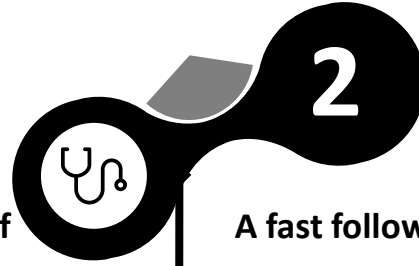
1

## An early adopter with the ambition of becoming an AI-first organisation

The CFO of this company:

- Developed a data-obsessed culture and embedded AI in the finance function; and
- Embedded data scientists in teams and set up a centralised team of data analysts.

The key to success is communication and collaboration to generate momentum from an initial group of early adopters.

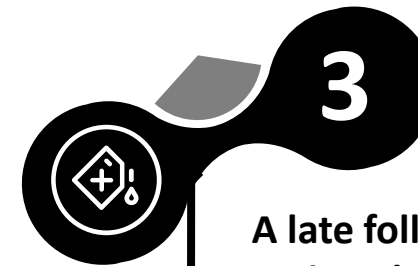


2

## A fast follower piloting AI use cases

The CFO of this company:

- Gradually incorporated proven use cases into their operations;
- Invested judiciously in pilot programs that provide clear benefits, cost savings, and ROI;
- Used RPA tools for claims processing considering manpower shortages; and
- Used AI to perform preliminary analyses of X-rays under the supervision of medical professionals.



3

## A late follower adopting a 'wait-and-see' approach

The CFO of this company shared that:

- While numerous AI programs exist only a handful can genuinely inform business decisions.
- There remains a lack of information required to make informed investment decisions on AI.

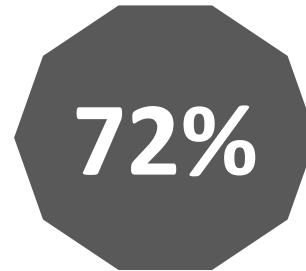
# 3. Transforming capabilities



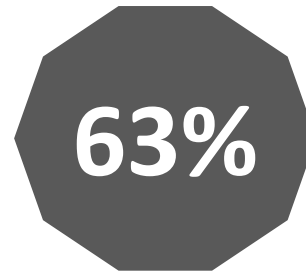
## 3b. Talent as the off-balance sheet asset

- The ability to secure and retain key talent is one of SEA CFOs' top concerns
- Even as AI and automation advance, the value of talent remains as important as ever, if not more so
- AI can boost efficiencies, but competent individuals are needed to oversee data interpretation and outputs.

### Top three internal risks



Securing and retaining key talent



Change in demand for product or services



Disruption in products or markets

*Note: Figures do not add up to 100% as respondents were allowed to select more than one option.*

# 3. Transforming capabilities



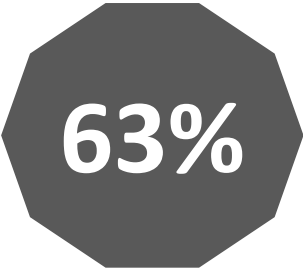
## 3b. Talent as the off-balance sheet asset

- SEA CFOs place greater emphasis on more practical strategies to skill, reskill, and upskill their workforce for the future of work.
- There is no one-size-fits-all strategy for talent development.
- Tailored talent strategies should cater to the diverse developmental needs of high-value and high-potential finance talent.

Top three strategies that SEA CFOs are taking to skill, reskill, and upskill their workforce



Practical on-the-job experiences



Employee reward and recognition programs



Mentoring buddy programs or other support initiatives

*Note: Figures do not add up to 100% as respondents were allowed to select more than one option.*



# Differentiated developmental pathways

1



## High-value talent

- SEA CFOs had made a distinction between “critical roles” and “everyday roles” in the finance function.
- A Philippines-based F&B company stressed that they must have clarity between these two types of finance talent to design differentiated salary structures.

2



## High-potential talent

- Succession planning is becoming more important, with CFOs spending a lot of time personally mentoring and coaching individuals to help them grow and advance.
- CFOs believed that high-potential talent shouldn't adhere to standard promotion timelines.
- CFOs have committed to nurturing their high-potential talent through special initiatives such as internal team rotations, specialized training programs, and providing exposure to the C-suite.

# The SEA CFO's trilemma



## 1. Contending with volatility



1a. Conservatively opportunistic mindset

1b. Survival of the fittest



## 2. Creating long-term value



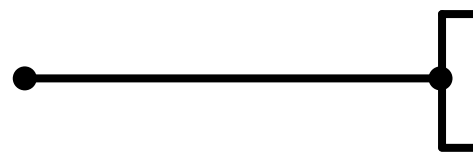
2a. If you want to go far, go together

2b. Doing well by doing good

2c. Data as the language of the CFO



## 3. Transforming capabilities



3a. Making sense (and cents) of AI

3b. Talent as the off-balance sheet asset

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Agenda Survey

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**Making Sense  
(and Cents) of AI**

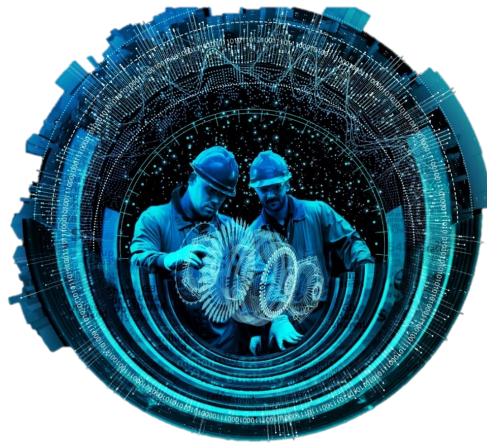
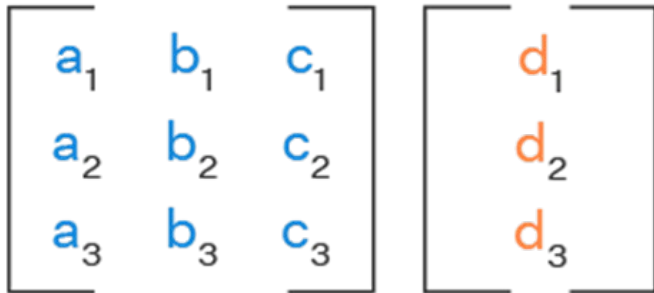




# What is Generative AI?



## What is Generative AI?



*AI is an algorithm...*

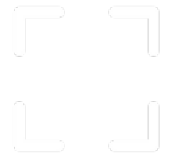
Not a magic genie

*It doesn't stand still...*

*we are all learning to  
work with it*

*It's not one thing...*

*there are many tools  
for many tasks*





# Gen AI across the Enterprise



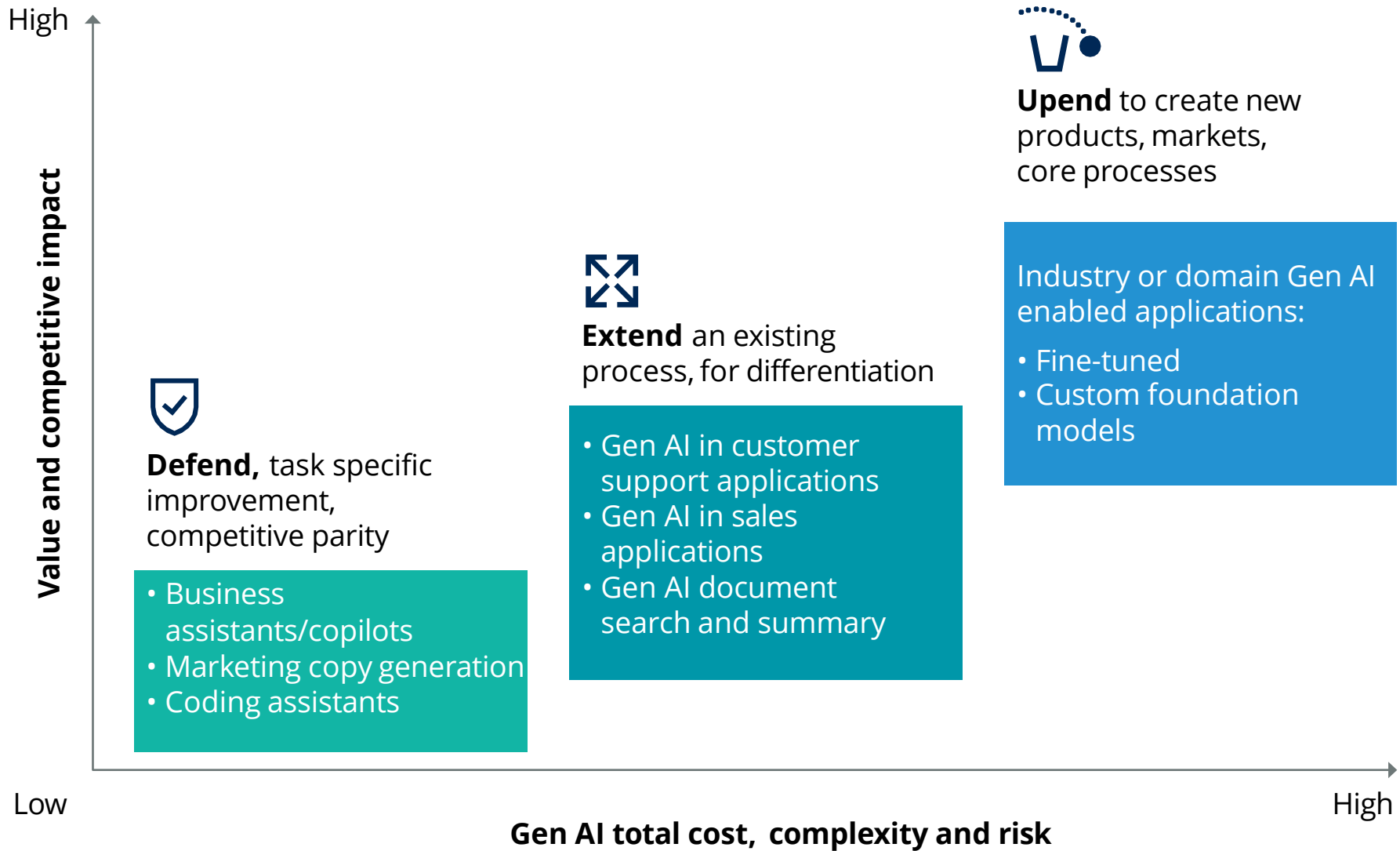
# Generative AI – Short Fuse, Big Bang



Source: Deloitte's Generation AI Survey 2023



# What is Generative AI?





# Gen AI offers compelling opportunities to improve Cost-Income Ratio (Example Applied For A Bank)

We anticipate that a “marginal gains” approach – using AI to drive many small enhancements across front and back office – will add to a significant CIR improvement.

## Cost Efficiency - Examples

\* Note: Examples and assumptions applied for a bank

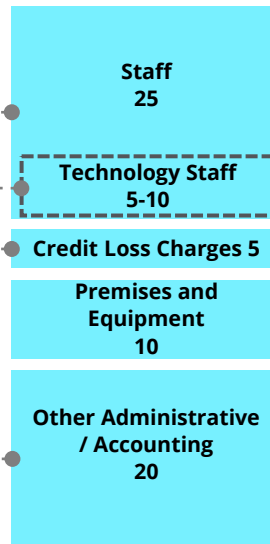
**Workforce acceleration efficiencies (more from less) across the board**  
10-15% total staff cost

**IT Development & Maintenance acceleration**  
10-20% of IT staff cost

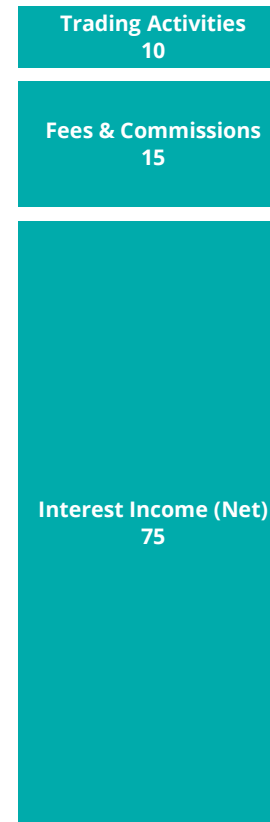
**Improved credit-risk assessment leading to fewer impairments\***  
10-15% saving in impairment charges

**Improved FinCrime / Fraud detection\*** reduces litigation/redress charges and fraud losses

Cost = 60



Income = 100



## Income Growth - Examples

**Next Generation Market Analysis / Predictive Trading Algorithms\***  
5-7% uplift on Trading Income

**Improved Customer Retention**  
1-2% uplift Fees/Commissions

**Improved Customer Acquisition through hyper-personalised marketing\*** 5-10% uplift Interest Income & Fees/Commissions

**Tailored Loan Pricing based on Credit Risk Assessment\***  
2-3% increase on Net Interest Income



# What can Artificial Intelligence do across the Enterprise?

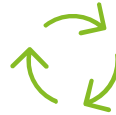
## Cost Reduction

Intelligently **automate** business processes, tasks and interactions to reduce cost, **increase efficiency** and help **ensure predictability**



## Speed to Execution

Accelerate operational and business results by **minimizing latency**



## Reduce Complexity

**Improve understanding and decision making** by deciphering patterns, connecting dots, and predicting outcomes from increasingly complex data sources



## Transform Engagement

Change **how humans interact with smart systems** expanding means of engagement via voice, vision, text and touch



## Fuel Innovation

Generate deep insights on “where to play?” and “how to win?” enabling the **creation of new products, market opportunities and business models**



## Fortify Trust

**Reduce risks such as fraud, waste, abuse and cyber intrusion** consequently assuring stakeholders and enhancing trust amongst customers



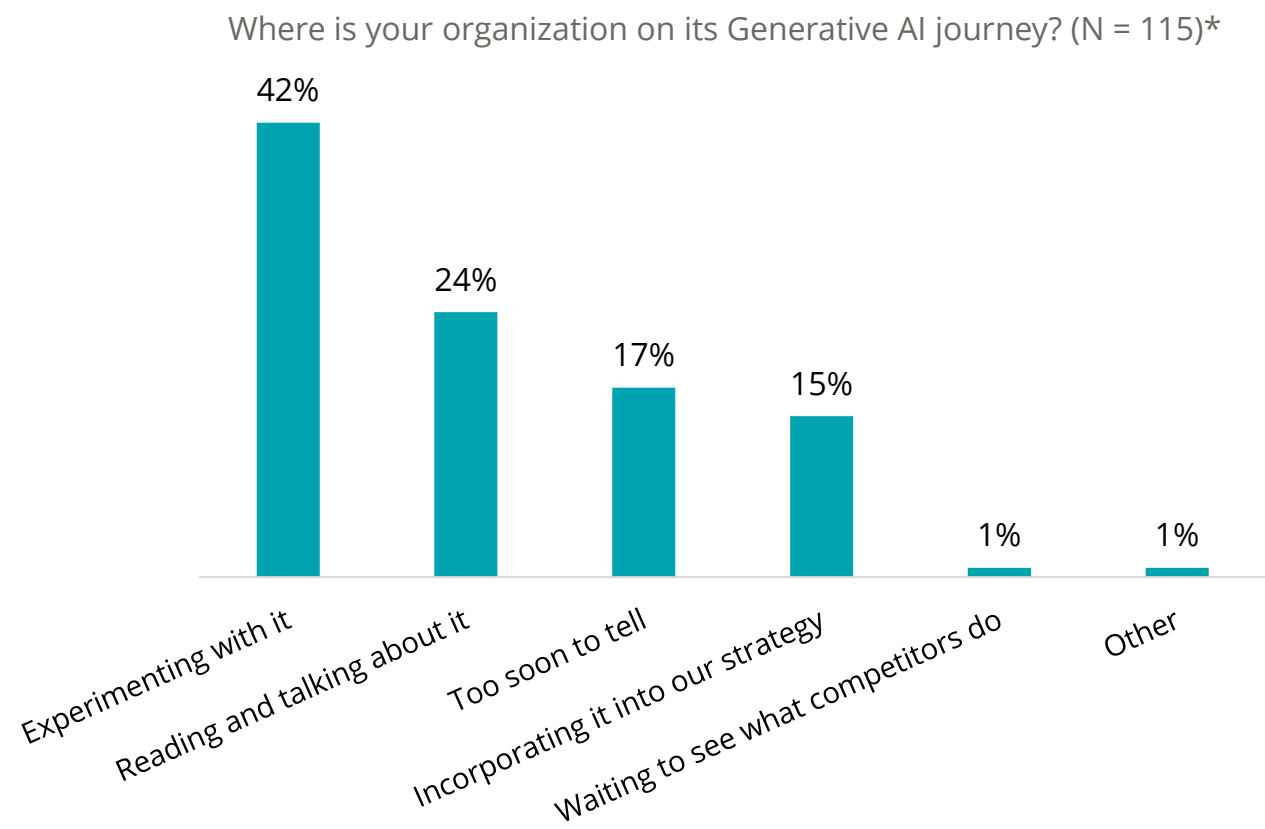
# Gen AI in Finance





## The CFOs' Perspective

In the *CFO survey conducted between June to September 2023*, a sizeable proportion of CFOs' organizations (**42%**) are experimenting with Generative AI, while **15%** are incorporating it into their business strategy.



\*115 (99%) of respondents across eight industries answered.



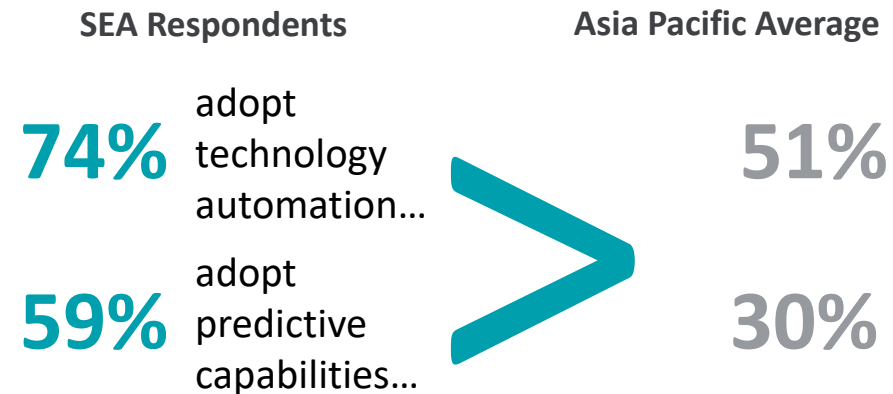
## Top Priorities for CFOs

Market research shows **strong demand** for Generative AI in Southeast Asia.



### Top Priorities to Protect / Increase Enterprise Value

- Adoption of technology automation
- Bolster predictive capabilities



Reality Check:  
SEA CFOs are still in the **early stages of AI**.



Research shows that SEA CFOs are only in the **exploratory phases** of AI and data.

**Basic automation tools** remain as most used technology enablers:



- 74%** Electronic Invoicing
- 63%** Robotic Process Automation (RPA)
- 57%** Intelligent Documentation

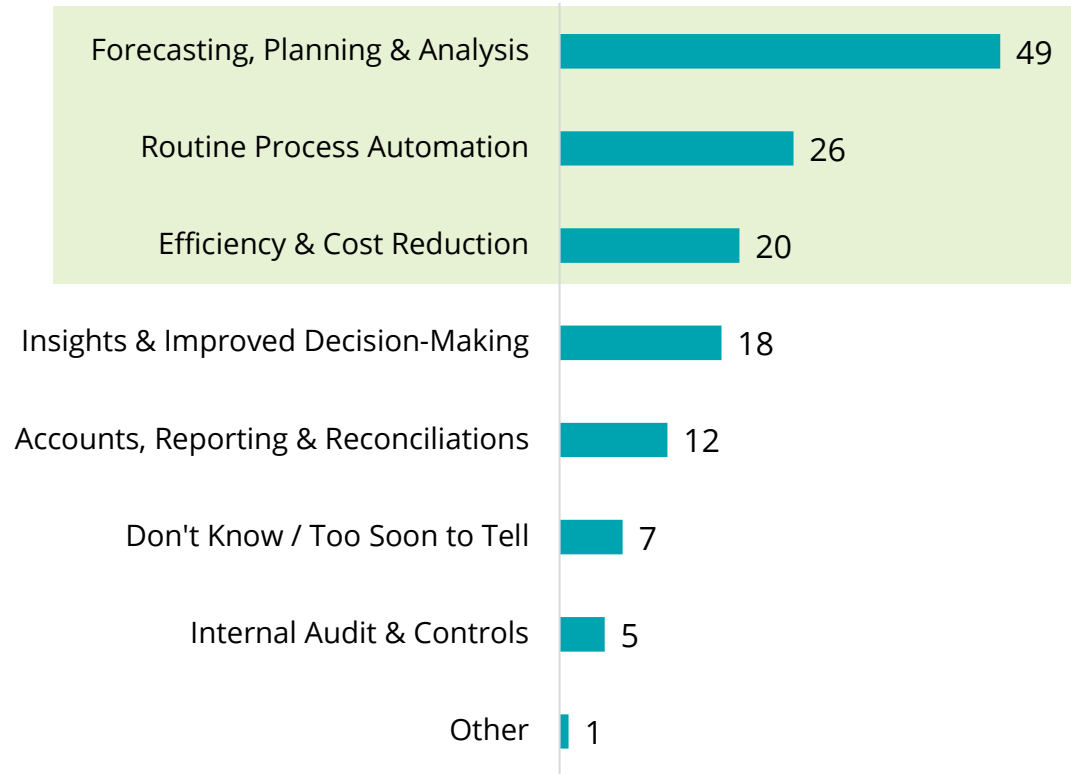


Primary Reason:  
**Lack of clean, consistent, and consolidated** data.

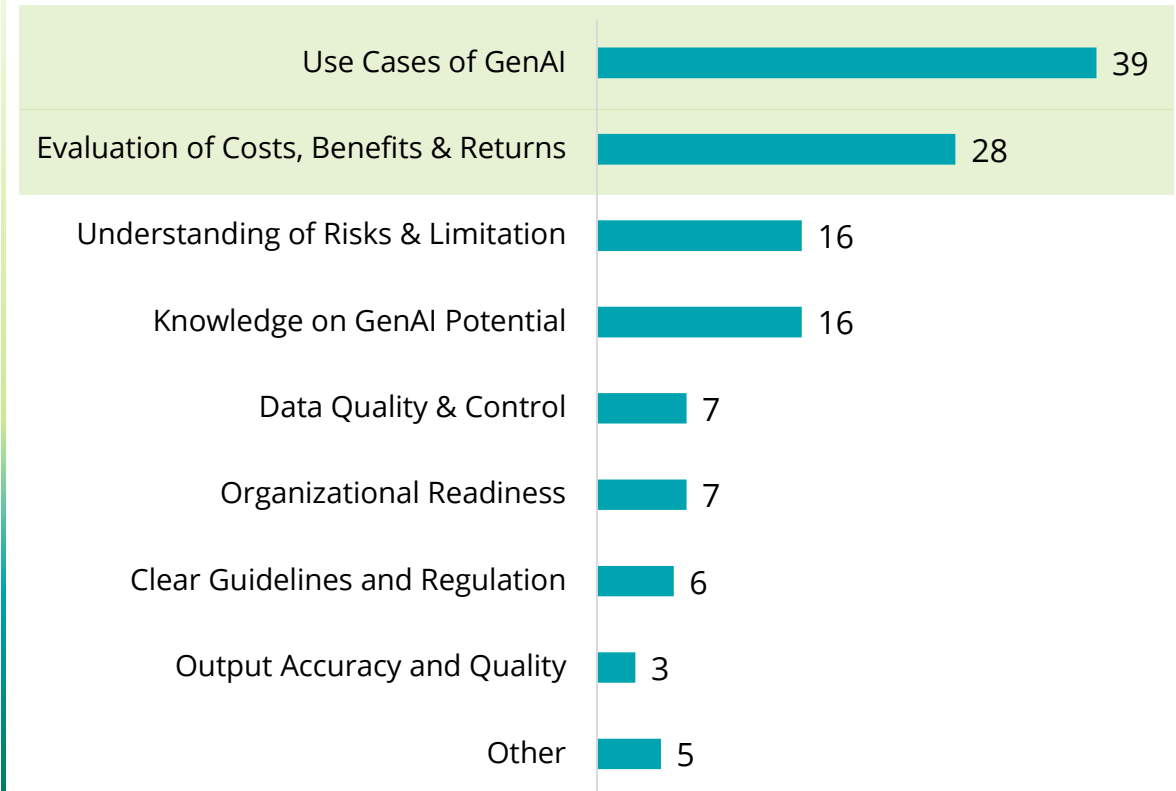
Key to AI Adoption for CFOs:  
**What is the return on investment (ROI) for Gen AI?**

## The CFOs' Perspective

In your opinion, what are the most promising potential uses of Generative AI for the finance function? (N = 106)\*

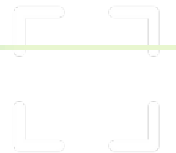


As a CFO, what would help you in making decisions related to Generative AI (N = 101)\*



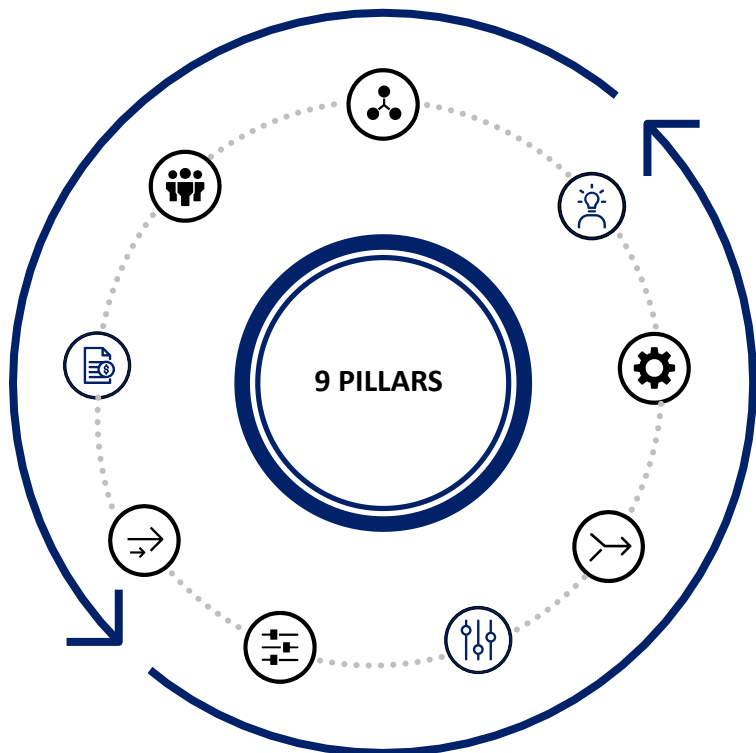
\*106 (91% of total respondents), 101 (87% of total respondents). Total number of comments is more than the total number of respondents to this question because some CFOs cited multiple actions.

\*\*Note, these categories were developed based on responses to open-ended text questions.

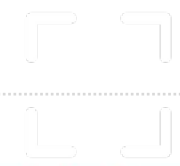




# Potential Generative AI Use Cases across Finance



	<b>Strategic Finance</b>	<ul style="list-style-type: none"> <li>Generate comprehensive financial insights and scenario simulations for strategic decision-making</li> </ul>
	<b>Financial Planning &amp; Analysis</b>	<ul style="list-style-type: none"> <li>Automate budget and forecast report creation and automatically analyze performance metrics, variances, and potential decision points</li> </ul>
	<b>Business Unit Finance</b>	<ul style="list-style-type: none"> <li>Generate a comprehensive financial picture e.g. dynamic budget &amp; planning, demand forecasting &amp; sizing and product costing &amp; optimization</li> </ul>
	<b>Transactional Finance</b>	<ul style="list-style-type: none"> <li>Automate processing and streamlined payments</li> <li>Data-driven spend analysis to better control expenses and procurement decisions</li> </ul>
	<b>Controllership</b>	<ul style="list-style-type: none"> <li>Flux analysis</li> <li>Automate data entry and reconciliations</li> </ul>
	<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>Identify potential risks and detect fraud</li> <li>Generate internal audit reports</li> </ul>
	<b>Treasury</b>	<ul style="list-style-type: none"> <li>Automate cash forecasting, cash management and provide better visibility into cash flows</li> <li>Report FX and currency positions, perform counterparty risk and analysis</li> </ul>
	<b>Tax</b>	<ul style="list-style-type: none"> <li>Automate tax preparation and reporting</li> <li>Monitor compliance with tax regulations</li> </ul>
	<b>Investor Relations</b>	<ul style="list-style-type: none"> <li>Develop investor reports and communications</li> <li>Value company for capital markets financing</li> </ul>



# A "dream screen" for workplace productivity

The screenshot shows the Deloitte MyAssist dashboard. At the top left, the logo "Deloitte | MyAssist" is displayed. On the top right, there are navigation tabs for "ACTIVE APP", "APPS", "FILES", and a help icon. The main content area features a large header with the text "Hi , welcome to MyAssist" and "Ready to accelerate your work with Generative AI?". Below this, there are two prominent cards: "General Chat" and "MyAssist FAQs", both marked with a green star and a "CHAT" button. The "General Chat" card describes it as a home base for chatbot interactions. The "MyAssist FAQs" card offers quick answers to common questions. A light blue banner below these cards contains an information icon and a link to "Generative AI Guidelines". The bottom section, titled "All applications" (viewing 12 of 12), displays a grid of application cards. Each card includes a title, a star icon, a category button (e.g., "WORKFLOW" or "CHAT"), and a brief description of the application's function. The cards shown are "Database Diagram Generator", "Discoveria", "General Chat", and "Interview Synthesis". On the right side of the application grid, there are two buttons: "+ WORKFLOW APP (BETA)" and "+ CHAT APP".

Deloitte | MyAssist

ACTIVE APP APPS FILES ?

## Hi , welcome to MyAssist

Ready to accelerate your work with Generative AI?

### General Chat

CHAT

This is your home base - chat to a generic chatbot, or query documents in a secure environment

### MyAssist FAQs

CHAT

Get quick and up-to-date answers to frequently asked questions about MyAssist

Please read the [Generative AI Guidelines](#) before uploading any data to MyAssist.

All applications viewing 12 of 12

### Database Diagram Generator

WORKFLOW

Generating UML based Entity Relationship Diagrams from your table specs

### Discoveria

WORKFLOW

Accelerate project discovery with AI-generated user stories, acceptance criteria, and more

### General Chat

CHAT

This is your home base - chat to a generic chatbot, or query documents in a secure environment

### Interview Synthesis

WORKFLOW

Extract key themes and other insights from interview transcripts/notes

+ WORKFLOW APP (BETA) + CHAT APP



# Gen AI use cases as tools in a single interface

The screenshot displays the Deloitte MyAssist interface. At the top left is the Deloitte logo and 'MyAssist' text. On the top right, there are navigation tabs for 'ACTIVE APP', 'APPS' (which is selected), 'FILES', and a help icon. Below the navigation, the main area is titled 'All applications' with a subtext 'viewing 12 of 12'. In the top right of this area, there are two buttons: '+ WORKFLOW APP (BETA)' and '+ CHAT APP'. The applications are arranged in a 3x4 grid. Each application card includes a title, a star icon, a category label (WORKFLOW or CHAT), and a brief description of its function.

Application Name	Category	Description
Database Diagram Generator	WORKFLOW	Generating UML based Entity Relationship Diagrams from your table specs
Discoveria	WORKFLOW	Accelerate project discovery with AI-generated user stories, acceptance criteria, and more
General Chat	CHAT	This is your home base - chat to a generic chatbot, or query documents in a secure environment
Interview Synthesis	WORKFLOW	Extract key themes and other insights from interview transcripts/notes
Meeting Summariser	WORKFLOW	Generate quick meeting summaries from your transcripts or notes
MyAssist FAQs	CHAT	Get quick and up-to-date answers to frequently asked questions about MyAssist
Oracle Fusion Query Generator	WORKFLOW	Generate SQL queries for Oracle Fusion Business Intelligence Publisher (BIP) Reports
Process Map Generator	WORKFLOW	Turn your process notes into a workflow diagram, through Mermaid code
Research Assistant	WORKFLOW	Accelerate your research tasks with this step-by-step research tool
Spreadsheet Assistant	WORKFLOW	Understand, reshape and draw insights from your spreadsheets
Strategy Cascade	WORKFLOW	Analyse your client's strategy and generate a Strategy Choice Cascade
Test Case Generator	CHAT, CUSTOM	Generate test cases



## Expanded AI Brings Opportunities And Challenges

AI is deployed on a larger scale, the associated risks of misbehaving AI will likely only increase with potential consequences including everything from lawsuits, regulatory fines, reputational damage, and destruction of shareholder value.

### Action Drivers

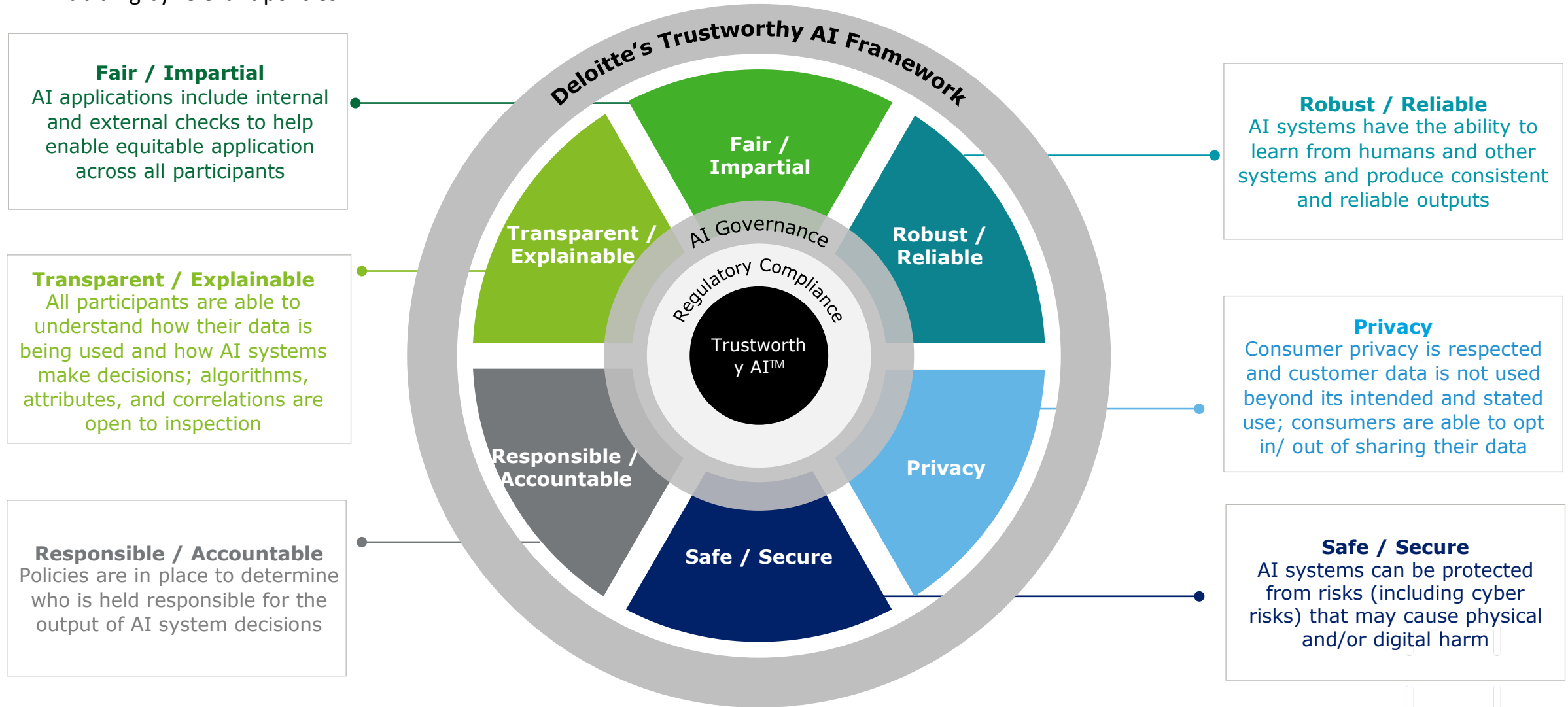
Management and those charged with governance are driving a demand for:

- 1 Confidence that AI is operating as intended
- 2 Responsible use of AI in accordance with the organization's goals and objectives
- 3 AI governance which balances AI enablement and risk management
- 4 Effective controls which support the deployment and use of AI
- 5 Proactive approach to address policy and legal uncertainties of deploying AI
- 6 Policies that help employees properly and effectively use and monitor AI
- 7 Building trust among stakeholders in the organization's use of AI



# Introduction to Deloitte's Trustworthy AI™ framework

Applying Deloitte's six-part framework is an effective first step in diagnosing the ethical health of AI while maintaining customer privacy and abiding by relevant policies



# Deloitte.

Deloitte  
Greenhouse®

## Generative AI Lab for CFOs

Lab overview





## OVERVIEW

# Generative AI Lab for CFOs

Generative AI has the potential to evolve every part of the Finance function. The Generative AI Lab for CFOs offers an immersive hands-on experience to explore the potential applications of Generative AI to navigate the future of work.

CFOs and Finance executives who adapt and learn with Generative AI can lead the future. There are two pivotal roles that you uniquely play in navigating the Generative AI landscape:

- 1. CFO as Business Owner:** Leading the Finance function through unprecedented disruption. Generative AI is powered by data, and since Finance draws upon enormous amounts of data, it's a natural fit to take advantage of generative AI.
- 2. CFO as Strategist:** Playing a pivotal role in driving strategic collaboration among key C-suite leaders to enable greater success – and return on investment – of AI deployment and adoption.

Through a half-day Lab, you will be guided through an in-depth and curated journey. The Lab focuses on: [de-mystifying the technology](#), exploring the impacts of Generative AI on Finance, delving into commercial and enterprise applications relevant for CFOs, and navigating the impending shifts with shared insights and collective wisdom.



## Illustrative Agenda

# Generative AI Lab for CFOs AGENDA – 4.5 Hours

Generative AI presents an unparalleled opportunity to revolutionise the Finance function. Explore the potential of the technology in optimizing financial processes, mitigating risks, and driving innovation.

*\*examples and demos subject to change based on relevance*



EXPLORE

### Explore. | Learn and understand the fundamentals of Generative AI

<b>Lab Introduction</b>	Introduction to the Lab and objectives for the day.
<b>Generative AI 201</b>	Gain an informative understanding about the foundation, evolution and applications of the technology beyond the hype.
<b>What it means for you?</b>	Navigate the evolving landscape where Generative AI reshapes financial management and decision making.



ALIGN

### Align. | Embrace the potential of Generative AI

<b>Showcase Square</b>	Explore cutting edge commercial and enterprise applications of Generative AI through a combination of case studies and hands-on demos.
<b>How Might We...?</b>	Identify potential areas in your function where AI applications might solve your challenges.



CREATE

### Create. | Drive growth with Generative AI

<b>Enable Organisation Readiness</b>	Discuss the essential factors to implement a successful AI strategy for your function, aimed at generating value for your organisation. CFOs have the opportunity to guide the strategy for their AI-enabled organization.
<b>Commit to the Ambition</b>	Commit to forward momentum and think through next steps.



**Deloitte.**

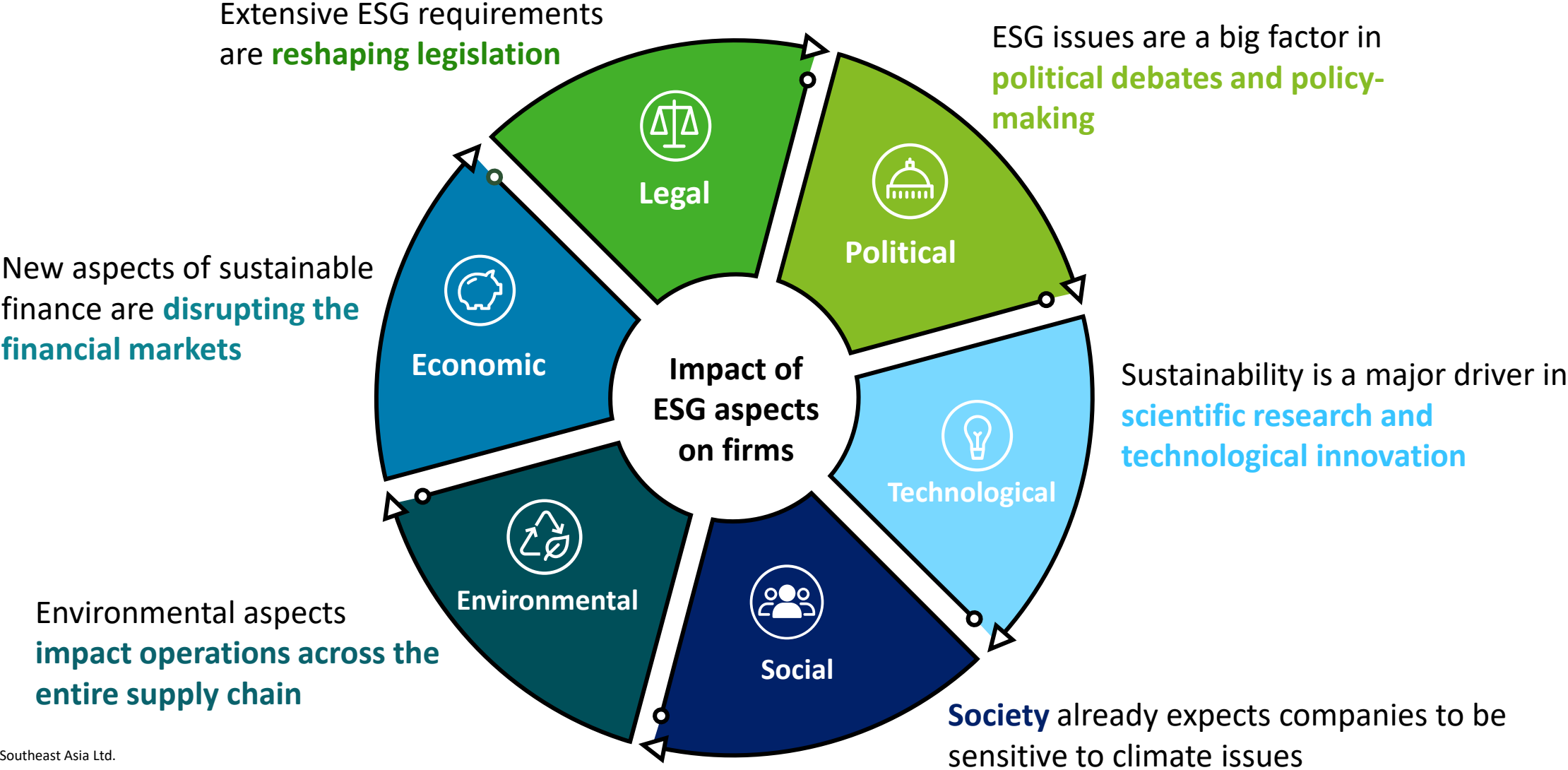
## Presentation

How CFOs can help meet  
corporate ESG goals



# How does sustainability impact a CFO's work?

Sustainability has a variety of *impacts* and now that *competitive advantage is at risk*, companies can no longer afford to ignore it







**ESG reporting regulatory  
developments in the Philippines**



# The International Sustainability Standards Board (“ISSB”)

## Background

- The Trustees of the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow, following strong market demand for its establishment.
- The creation of the ISSB involved the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation, which governed materials from the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC).



Source: [IFRS Foundation](#)

## Circular Economy

- Republic Act No. 11898: Extended Producer Responsibility Act of 2022 (EPR Act of 2022)
  - DAO No. 2023 – 02: Implementing Rules and Regulations of Republic Act No. 11898
  - DAO No. 2024 – 04: Guidelines for Compliance Reporting and Audit for Republic Act No. 11898



## Sustainability Reporting

- SEC MC No. 19 Series of 2016: Code of Corporate Governance for Publicly-Listed Companies
- SEC MC No. 04 Series of 2019: Sustainability Reporting Guidelines for Publicly-Listed Companies
- Draft Memorandum (2023): Revised Sustainability Reporting Guidelines for Publicly-Listed Companies → **IFRS S1 and S2 integration**



## Sustainable Finance

- BSP Circular No. 1085 Series of 2020
- BSP Circular No. 1128 Series of 2021
- BSP Circular No. 1149 Series of 2022
- BSP Memorandum No. M-2022-042



# S1 and S2 Adoption Timeline

Fiscal Year	FY25	FY26	FY27	FY28	FY29
Tier 1 – Publicly listed companies, and universal and commercial banks (including government-owned banks)	1 <sup>st</sup> year of adoption		Full compliance		
Mechanisms for proportionality	✓	✓	✓	✓	✓
Transition reliefs	1-5	5			

## Mechanisms for proportionality

Information used limited to what is reasonable, supportable, and available without undue cost or effort

- Determination of anticipated financial effects
- Climate-related scenario analysis
- Measurement of Scope 3 greenhouse gas (GHG) emissions
- Identification of risks and opportunities
- Determination of the scope of the value chain
- Calculation of metrics in some cross-industry categories

Qualitative approaches allowed if an entity lacks skills, capabilities, or resources

- Determination of anticipated financial effects
- Climate-related scenario analysis

## Transition reliefs

- Disclose comparative information
- Disclose information about sustainability-related risks and opportunities beyond climate-related risks and opportunities
- Submission after filing of financial statements but before the Company's Annual Stockholders' Meeting. In addition, companies with annual fiscal yearend date from September to December of the current year may submit three (3) after the deadline of submission of its audited financial statements.
- Use of the GHG Protocol Corporate Standard to measure Scope 1, Scope 2, and Scope 3 GHG emissions in specific circumstances
- Disclosure of Scope 3 emissions information, including relief from the requirements for companies that have asset management, commercial banking or insurance activities to provide additional information about financed emissions.

This table means **by FY 2027 Report to be published in 2028:**

- Additional transition reliefs are already revoked, and companies should already have comparative information, use GHG protocol to measure their Scope 1, 2, 3, and disclose their Scope 3 GHG emissions.
- Companies should have at least qualitative information on financial effects of climate change and climate scenario analysis.



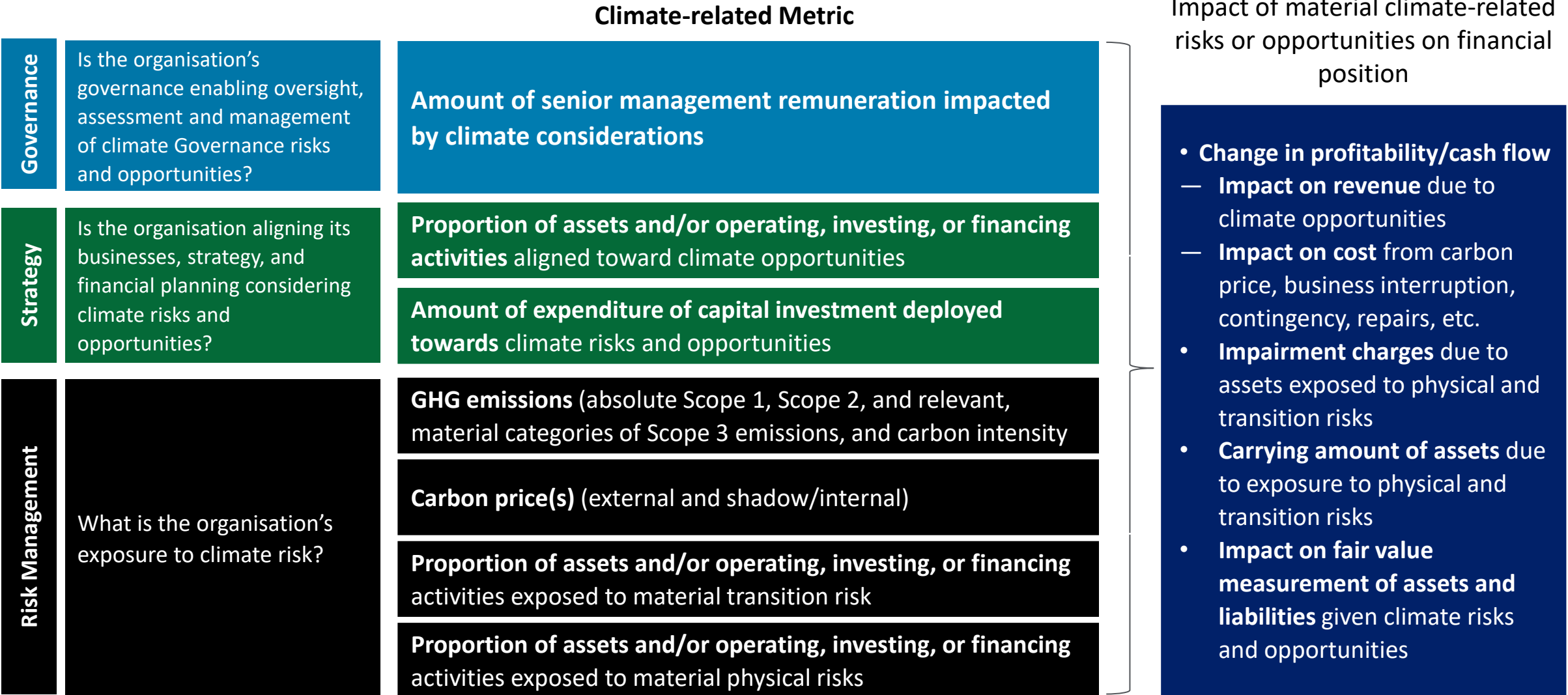


**Link between financial  
and sustainability**



# Climate-related metrics and financial impacts

Information flow between climate-related foundational and financial metrics



\*TCFD recommends that companies disclose cross-industry, climate-related metrics and climate-related financial impacts for the historical, current, and forward-looking periods, if relevant. Source: Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans - TCFD June 2022



# Climate-related risks

Potential implications on the entity and the financial statements



Source: <https://carbontracker.org/reports/still-flying-blind-the-absence-of-climate-risk-in-financial-reporting/>

Companies and their auditors are leaving investors in the dark with **only 40%** providing some information on the financial impact of climate change in financial statements and audit reports

**81%** of companies continue to omit the most basic and accessible data: the relevant quantitative assumptions and estimates [inputs] used in financial reporting. This is despite companies identifying these inputs as significant to the preparation of the financial statements and subject to considerable judgement and estimation uncertainty.

# Data alignment





# Data collection and management

## A fundamental challenge



**Inadequate internal ESG data management tools**



**Continued reliance on generic office technology, such as spreadsheets and email, to collect, analyze, apply, and report ESG data**



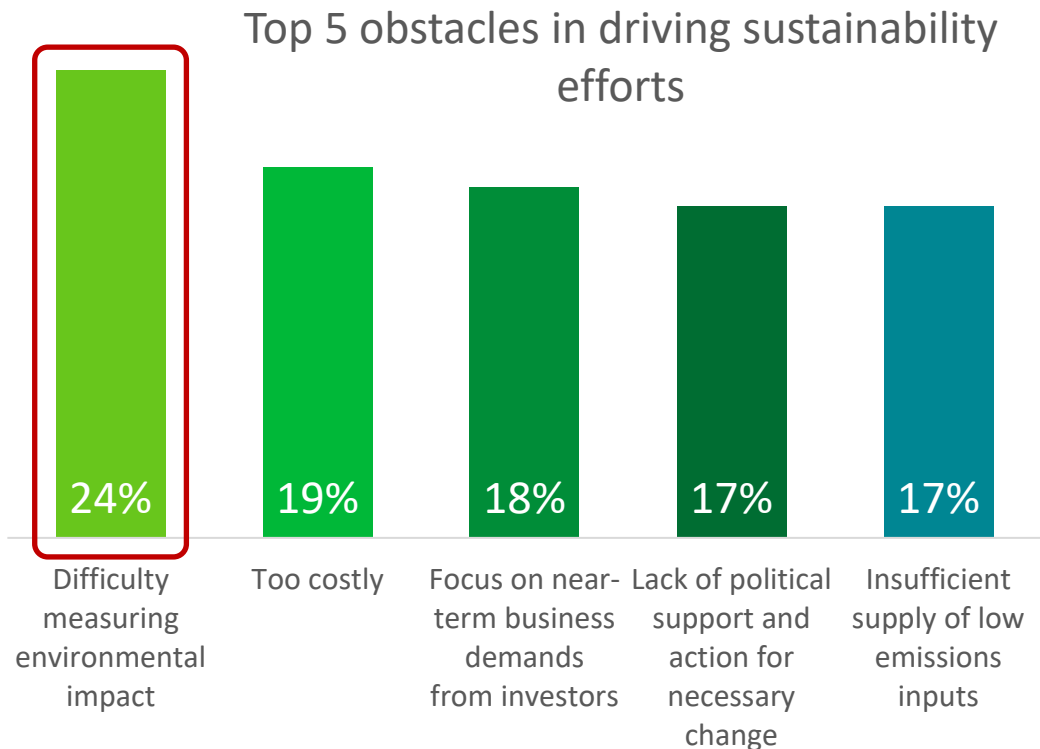
**Fragmented data points sitting within different departments increase the complexity of obtaining structured and reliable data**

**Data** is at the center of the entire endeavor, yet most organisations fail to efficiently and effectively collect, measure, analyse and apply it to continually improve their ESG efforts.

# The importance of data in sustainability

## Need to drive efforts sustainability efforts by measuring impact

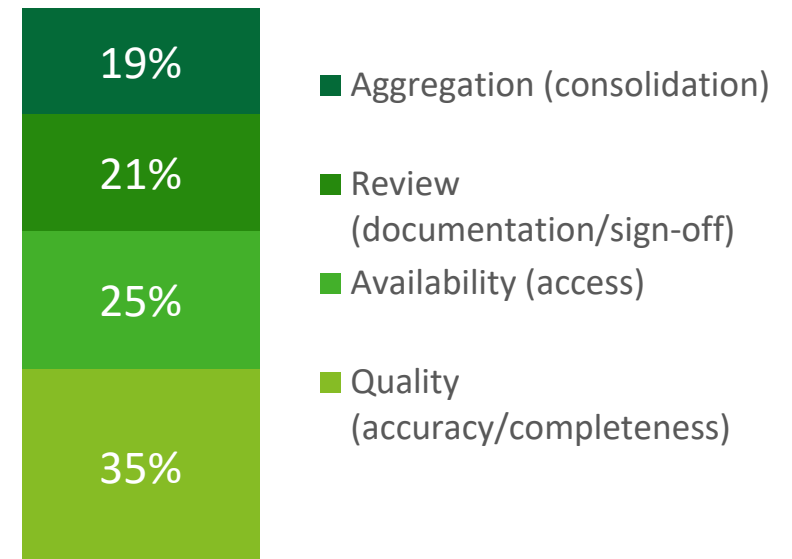
Source: [Deloitte 2023 CxO Report](#)



## Need to overcoming challenges associated with ESG data availability and quality

Source: [Deloitte](#)

### Greatest challenges with ESG data, n=300





A close-up photograph of a person's hands holding a small, round, green moss ball. The person is wearing a light blue button-down shirt. The background is blurred, showing a dark area and a yellow vertical stripe. The text "What role can CFOs play in sustainability?" is overlaid in white on the left side of the image.

**What role can CFOs play in sustainability?**

## How does sustainability impact a CFO's work

CFOs are not only key stakeholders in a company's successful transition to a sustainable enterprise but are also predestined to *take the lead*

CFOs spend a majority of their time planning, guiding, and reporting on financial KPIs.

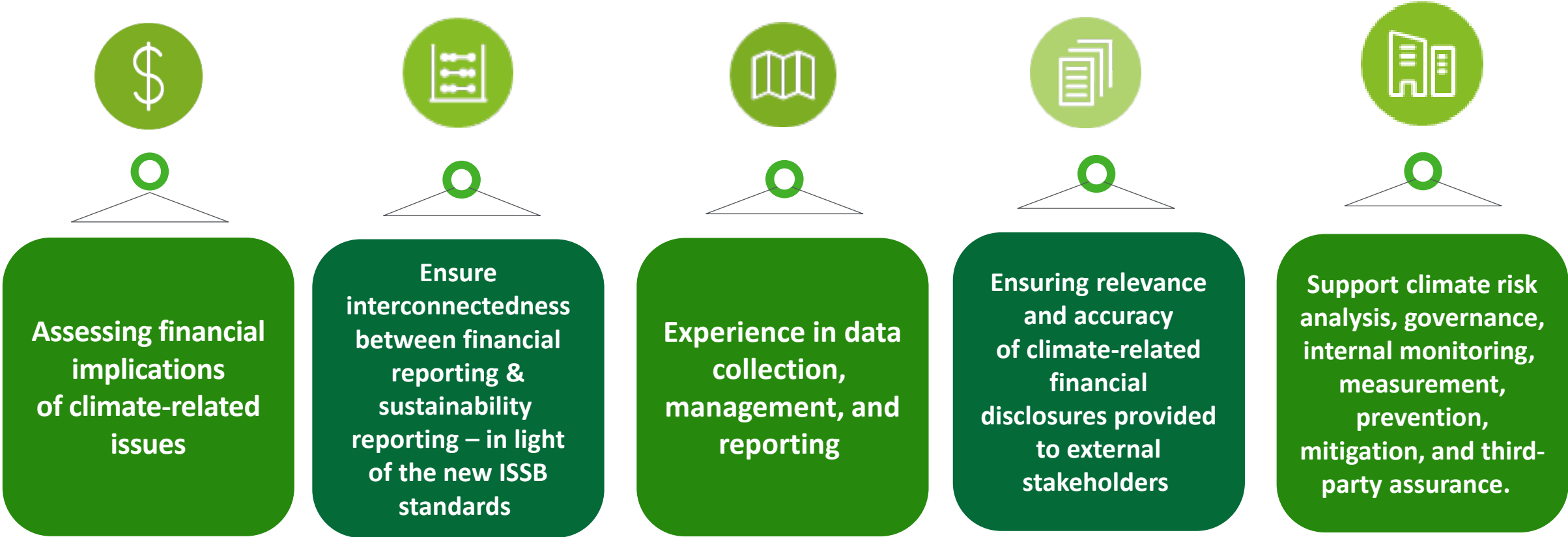
Without the ability to track and report *sustainability metrics*, CFOs will be unable to meet both investor and management expectations.

More pressures arise from a variety of sources, including:

- **Government regulators** requiring compliance with non-financial (ESG) requirements
- **Investors and analysts** who prefer comprehensive sustainability reporting
- **Customers** shifting their purchasing behavior toward sustainable products

# CFOs should champion their organisation's ESG efforts

Organisations often delegate ESG disclosures and reporting to its sustainability committees, but CFOs and other finance leaders should also be involved in driving key elements of the reporting process such as



**Deloitte’s research found that 37% of corporate sustainability efforts were led by CFOs.**

# What role can CFOs play in sustainability?

CFOs have the big-picture view to impact both financial and non-financial performance and create roadmaps to reach their goals.

## Catalyst

- For sustainability reporting disclosure and subsequent assurance, CFOs will **set the strategy** and drive the organisation's reporting direction and **engage stakeholders** within the organisation or the organisation's sustainability committee, to provide important reporting metrics.

## Strategist

- CFOs **set strategic goals**, make decisions and derive a Finance strategy.
- Use **core Finance skills from financial analysis** and resource allocation to reporting systems as part of the transition to a sustainable enterprise.
- As key executives, CFOs can help **quantify the financial value** that is created with investments in sustainability.

## Steward

- CFOs manage **compliance and control** systems and ensures that the company has understood and complied with the increasingly complex **sustainability legislations** to avoid hefty penalties.
- It is also essential to develop a good understanding of the most pressing ESG issues and quantify their impact on long-term performance.

## Operator

- Ensure the **skills, quality and efficiency** of the Finance function.
- Finance departments must operate efficiently and effectively, providing a variety of services to the business, such as **financial planning and analysis**.
- CFOs must also be able to quickly access, transform and interpret ESG data.





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