

## Foresight: The CPA Podcast

### Season 3 Episode 1: Is sustainability a burden or an opportunity for CPAs?

**Neil Morrison:** Welcome to season three of Foresight: The CPA Podcast. My name is Neil Morrison, and I have the pleasure of being your host through the next six episodes.

Over the past two seasons, we have examined the shifting landscape of the CPA profession. From the rise of AI, to the use of drones for audits. We've tracked the various ways the profession is changing and how CPAs need to respond to the new reality. This season, we're going to focus in on one massive shift to the CPA environment, the rise of sustainability. The push towards sustainability is forcing a rethink of more than just the role of the CPA. It is challenging the very nature of the financial system. It is driving a movement away from shareholder capitalism and towards stakeholder capitalism. It is changing what is reported, how it is reported and in fact, it raises the question who should do the reporting? Is it the role of the CPA?

This season we will look at the challenges and opportunities that come from society's move towards sustainability. And we will begin with the story of Bettina Pierre-Gilles.

We all have those turning points in our lives. Those moments where two paths seem to stretch out before us and we need to choose a direction. Often the choice we face is between something familiar and something unknown, between safety and uncertainty. We remember those turning points because they have the power to define us, they set the course for the rest of our lives. In 2014, Bettina Pierre-Gilles faced one of those moments. The Calgarian is a CPA. She holds an MBA. She's a director on multiple boards, a former provincial political candidate, a former CFO, and a business consultant to indigenous groups. To say she is accomplished would be an understatement.

But, about eight years ago, Bettina was in the meeting room of a traditional oil and gas company and, all of a sudden, two roads stretched out in front of her. She could see that her career could go in two very different directions. She could continue to progress in the traditional path of a CPA in a traditional energy company, or she could take a leap of faith and do something very different. Instead of working for a company, she could set up her own business. Instead of the traditional energy sector, she could work on renewable energy. It was a huge decision. And as she sat in that boardroom and faced that choice, she had what she calls an aha moment.



**Bettina Pierre-Gilles:** My aha moment was personal, but also societal. When I got an offer to be a CFO of a traditional oil and gas company, I said, "No."

**Neil Morrison:** Why'd you say no?

**Bettina Pierre-Gilles:** Well, it's always been a passion of mine looking at renewables. I always wanted to come back to it. And that started from when I worked with one of the large companies that was looking at going beyond traditional production. And I wanted to come back to it, I always thought that was a good decision that makes good business sense, because society will be pushing you there whether you want to or not. And I thought, you know what? In 2014, it was the right time, Neil.

We needed to start looking forward, looking meaningfully at ways to abate and why not? Why not now? That was my moment of, oh my gosh, I can continue down this path in a traditional sense, or I can be a catalyst for change. And because I understood this side of the industry, why not be that person to assist them with ways that they can find to mitigate their impact?

**Neil Morrison:** Bettina Pierre-Gilles was born in Port-au-Prince, Haiti. Her family immigrated to Montreal when she was young and then moved to New York City where she was raised. Bettina pursued a commerce degree at Saint Mary's University in Halifax, and to make ends meet she attended classes in the evening and worked during the day. Her job involved some basic accounting at the tech firm, ITI.

**Bettina Pierre-Gilles:** And funny enough, my boss's boss at ITI was who inspired me to get my designation. And I think she was actually recently the CEO or the president for CPA in Nova Scotia. That woman absolutely was inspirational to me. And she was the one who said, well, why don't you pursue accounting?

**Neil Morrison:** You went on, you pursued your certification, you got your CPA. You also have an MBA from Queens.

**Bettina Pierre-Gilles:** Yes.

**Neil Morrison:** You have a bachelor of commerce, you have a CPA, you have an MBA. I'm just listing all these off because the picture I'm painting here is of someone who obviously likes business.

**Bettina Pierre-Gilles:** That's correct.

**Neil Morrison:** I mean, you're not an opponent of the capitalist system.



**Bettina Pierre-Gilles:** Oh, absolutely not. I am for making a dollar, but for making a dollar the appropriate way, not just for the sake of earning a dollar while trampling a million to get up there. That's never been my style, but that's cultural, I think. I think, I'm not sure I'm not speaking for everyone.

**Neil Morrison:** How so?

**Bettina Pierre-Gilles:** It's cultural because I'm raised in a family where you are there for each other. I've come from a culture where it's still that community and community matters. And if one has it it's okay for you to earn it, surpass everyone else, but never forget that there's still a whole entire community that could benefit from your generosity. That's how I can put it.

**Neil Morrison:** Bettina went on to work in a number of traditional energy companies in Alberta. She took on many roles from business development, to analysis of mergers and acquisitions, and all the way up to the CFO role.

**Bettina Pierre-Gilles:** And it was great, I've absolutely loved and enjoyed my experience, got to learn an awful lot. You would learn about every aspect of the industry, and that was fantastic.

**Neil Morrison:** When you first started working in the energy companies, how much interest was there in things like sustainability? Was that actually even on the radar?

**Bettina Pierre-Gilles:** That was on the radar until WTI started going upwards. I would say when I started, I think prices were in the mid-forties into the fifties, then WTI started going to sixties and seventies, and then it went all the way to a hundred. And I think that's when companies started really focusing on, okay, let's pause on technology, let's pause on sustainability, and let's just produce as much as we can. And society at that time was not really pushing sustainability on the companies and holding up to a sustainability ranking and rating.

**Neil Morrison:** Yeah.

**Bettina Pierre-Gilles:** I think that was why they were able to pause, definitely they cannot today, even if oil prices go up to \$200. Companies will have to find a way to continue producing while finding innovative ways for them to mitigate their impact, because that is the requirement of today.

**Neil Morrison:** I'm going to get into a bit of that, how things have changed today in a sec. But at that time, do you think things like sustainability or other ESG goals, do you think they were seen as burdens maybe rather than opportunities?



**Bettina Pierre-Gilles:** Absolutely. They were not seen as opportunities and even today, depending on the company and what their motives are, they still see it as a burden. You have very knowledgeable people that know that this must be done still saying they don't see the value of ESG or anything like that. But yes, they saw it as a burden, but they saw it as a burden that can wait and they didn't see it as something that needed to be handled right away.

**Neil Morrison:** And so we come back to that choice Bettina faced in 2014, the one she described at the beginning of the episode. She could take a traditional CFO role in a traditional energy company, or she could walk away and start her own business focused on renewables. She chose to launch her own energy company, Luxeum Renewables Group, her business partnered with one of the largest European companies in the solar industry.

**Bettina Pierre-Gilles:** Where one of the co-founders is actually the gentleman that has all of the IP for the solar cells, so it was fantastic. The goal initially was to work with companies so that they can find ways to utilize during off-peak hours, renewable energy in their daily operations. And then of course, during peak hours, I mean the sun will not be always rising past certain hours, particularly in winter time here, then they can switch back to conventional. So yes, it's a way for companies, whether they are energy companies or agricultural companies, because you've got really a lot in southern Alberta - very, very big grain elevators that are utilizing quite a lot of power resources, so that's what we did.

**Neil Morrison:** What is the pitch that you make to companies, in particular I'm thinking of energy companies, but it could be any business that you're working with. What is the pitch that you make to them?

**Bettina Pierre-Gilles:** My pitch to companies, to traditional energy companies and mining or any other companies, Neil, is that we know what we're doing, we understand renewables, you are focused and you have the skills on the traditional side of development. You have all of this land, allow us to come and develop a project for you that will help you mitigate and lower how much it is that you are using of traditional power resource by developing either solar. And now we are looking at wind as well, wind projects. And use that whether if it's on your own land, it's simply a matter of tagging a line, really to deliver that power to you, so during the off-peak hours, you don't have to rely on the grid.

Then it allows more security of the grid and it allows more other users to have access to that same exact power. And for that company, it provides them with not only are they doing the sustainable things by lowering how much they are using of traditional power. They also get the carbon credits from that project being developed, it's been developed for them. And they can also use that, there is still a value. There's a dollar value there for them.



**Neil Morrison:** It sounds very convincing to me. How was that received in the early days of your company?

**Bettina Pierre-Gilles:** Oh my gosh. Sorry. Oh, I can laugh about it now, but it was frustrating. No one paid attention.

**Neil Morrison:** Really?

**Bettina Pierre-Gilles:** No one paid attention. Absolutely. "Oh yes, yes, yes, I will consider it. Not an issue right now. Nope, we're good. We've got plenty of production and the grid is fine. Everything is fine." And it's like, oh my gosh, yes.

**Neil Morrison:** It just was not front of mind.

**Bettina Pierre-Gilles:** It was not, it was not. Fast forward to last year, the last 18 months people are calling back. The exact people that I knocked on their doors are all literally lining up, knocking on my door, Neil. So what was it that you were saying? Well.

**Neil Morrison:** It's a, remind me.

**Bettina Pierre-Gilles:** Remind me, what were you saying again? Well, you know, we are thinking of this project. What size of a project could you develop? Well, hold on. It's a great position to be in, but wow.

**Neil Morrison:** Yeah. What do you think is driving that change in thinking?

**Bettina Pierre-Gilles:** You want the polite answer or do you want the real answer?

**Neil Morrison:** I want the real answer.

**Bettina Pierre-Gilles:** The real answer, it now is impacting their capital raising. It's impacting OPEX for those companies and it's impacting their bottom line. Because raising capital these days, you must show your potential investors no matter who they are, where they are located globally, that your company that has each of those E, S, and the G. Most traditional oil and gas, if not all of them, Neil, I can tell you with absolute certainty has the E side covered. What they are lacking is truly taking it to that next level of innovation and identifying those opportunistic technologies that can truly help enhance and optimize their operation, so that could be exactly a company like Luxeum coming in and developing energy for them where they not only get to use the outcome and output of our development, but they also get the carbon credits that can then be sold or be



used by them depending on how much it is and how large of a project that we will develop. Now it's impacting them.

**Neil Morrison:** Great.

**Bettina Pierre-Gilles:** It's not so much the societal pressures. It's the financial pressures that they are under, that is forcing companies to take this very seriously and looking at ways.

**Neil Morrison:** It's no longer optional.

**Bettina Pierre-Gilles:** It's no longer optional, which is what I was saying. See, they need to go back in time. That's exactly what I was explaining at that time, Neil, during my pitch, whenever it seemed like no one cared, I would tell them, well, you realize eventually you will have no option, so either you do this now preemptively, or you will be forced. And when you are forced to doing it, you will not like the results, because you will not have so much control, so much leeway and time for you to do it.

**Neil Morrison:** Yeah.

**Bettina Pierre-Gilles:** Because, you have to report every quarter, you have to report annually on the fulsome operations. And now you are going to be ranked against your peers for how well and how efficient you've been able to deliver all of that.

**Neil Morrison:** You know, we talked earlier on about it seeming as a burden as opposed to an opportunity. And I think there are CPAs who are still in that mode that see this, the need to incorporate sustainability into financial reporting as just an added burden. What would you say to a CPA who still thinks that way?

**Bettina Pierre-Gilles:** It's not a burden. I mean, as the CPA internally gathering the information, compiling it all, and reviewing it, you are actually adding quite a lot of value to the corporation. You are helping it mitigate its reputational risk and also you are helping it gain value because you already know and looking at internally, well, okay, what is the incident reports? That all goes towards the HSE reports. That goes all the way up to the G to the board of the corporation. You know what internally it's costing the company for them to have all of the systems that are looking at the AFEs and all of that. There is nothing more than to be able to advise your controller who then will advise the CFO who will advise the rest of the leadership team, executive leadership team, where the company is at; What are your incident reports; What is the breakdown of your workforce? What is the monetary value that this can have if you track all of those numbers based on whichever metrics, whichever, whether it's system analytics, whether it's other ones that you are going to follow that are out there.



And it's valuable work, and I'm hoping that CPAs will take that seriously because we are trained to look at the fulsome organization. We are trained to look at the numbers. And assign a value to those numbers. And they are the ones, the best people internally, that companies have to help them with monitoring, with tracking, and validating those numbers.

**Neil Morrison:** Yeah, we're at a real moment of opportunity for CPAs right now.

**Bettina Pierre-Gilles:** It's a tremendous time for accountants, for CPAs, Neil. I think it's more so than the individual accountants. Oh my gosh. I think it's a great time for CPA Canada to look at working with so many of its peers, including the stock exchanges and defining the metrics upon which these companies are going to be measured and reporting on. I think, before companies had a very tough time in really deploying any sustainability because there were... This person will say, okay, we'll cover this. We'll look at GHG over here. They'll say, well, no, we'll look at it based on this metrics.

And I think now that you have that E, S and the G and you've got each of those components that are very well defined, I do believe it is the time to train accountants for monitoring those and then helping the companies with not just tracking it, but understanding what is the value of me implementing this and deploying it and reporting it? There is a value there, and I think it's a fantastic time for every CPAs to be able to be at the start of this next societal wave where companies and society and the regulators are all coming together towards really a common goal.

**Neil Morrison:** Honestly, I don't know how those companies in the early days were able to resist your pitch. You're so passionate about it, you are so articulate on it, and you're very convincing. All right, so thank you so much. Thank you so much for chatting with us about it.

**Bettina Pierre-Gilles:** My pleasure Neil, my absolute pleasure.

**Neil Morrison:** Bettina Pierre-Gilles is the founder, and CEO, and president of Luxeum Renewables Group, she's in Calgary. And that's it for this episode of season three of Foresight: The CPA podcast. On our next episode, we'll be looking at how the CPAs of the future are being trained to be experts in accounting and sustainability. Blake Phillips is the Director of the University of Waterloo, School of Finance and Accounting. He's also the co-founder of a new program at the school that offers a bachelor in sustainability and management. The program is brand new, but he says the interest in it from businesses has been through the roof.

**Blake Phillips:** Industry, our key employers through the co-op space at Waterloo, I've heard about the program or alumni have heard about the program and they've immediately been interested in, okay, how can I hire these students? When are they going to be available for co-op? And with



absolutely no marketing, we've had all of the major accounting firms and a lot of other firms just reaching out saying, how do I employ these students? How could I get in front of these students? How do I make them aware of the opportunities within our firm? I had one firm say to me, so how many students are there? I said, well, there's 20. He said, okay. I'm like, well, what do you mean by, okay. He's like, well, we'll take them. I'm like, well, what do you mean you'll take them? You'll take all 20. He's like, yeah, we can easily hire all 20. And I said, okay, well, that'll be up to them. But it's nice to know that demand is out there.

**Neil Morrison:** That's Blake Phillips, the Director of the School of Finance and Accounting at the University of Waterloo, and our guest on episode two, coming up in two weeks. If you like this podcast, please share it, rate it, or review it. It really helps others to discover us. I'm Neil Morrison, we'll be back in two weeks.