Bring greater efficiency to ESG management

The importance of environmental, social and governance (ESG) issues has escalated rapidly in recent years. Only a few years ago, ESG issues were considered part of brand-building initiatives and side conversations with niche investors; today, they are critical metrics scrutinized by mainstream investors. With a growing body of research pointing to the correlation between ESG metrics and long-term financial performance, investors are asking more pointed questions. But investors aren’t the only stakeholders paying attention. Customers are including ESG into their supplier selection, regulators globally are increasingly requiring ESG reporting, and more employees are considering social and environmental commitments when deciding where to work.

As pressures to report on ESG rise, so too are the complexities around managing and measuring the associated priorities and projects. It requires tremendous manpower and resources to do it all. Organizations can run ESG programs more efficiently by continuously calibrating ESG priorities and leveraging technology to help operationalize their ESG goals.

Setting ESG priorities

ESG priorities should be continuously evolving. Input from both internal and external stakeholders is critical to help organizations understand what is most relevant to their business operations and objectives. Gathering this feedback regularly to inform decision-making around priorities helps manage everyone’s expectations. This process of gathering feedback is called a materiality assessment.

The ESG materiality assessment process

1. Define purpose and scope
2. Identify potential topics based on present knowledge
3. Categorize topics
4. Gather information from internal and external stakeholders to assess the importance and potential impact
5. Prioritize topics, based on their importance to the business, stakeholders and impact
6. Engage management to validate the outcome of the assessment
7. Seek stakeholder feedback on the topics reported

Ideally, this process becomes part of the annual planning process.
Measuring and reporting on progress

Once there is clarity on ESG priorities, it’s time to set goals and targets to achieve over a specific timeframe. For organizations reporting metrics for the first time, it’s critical to establish a baseline for those goals.

Gathering the necessary information to report on progress typically requires a heavy lift of manual data collection from across the enterprise. Over time, it becomes more challenging to manage the growing volume of data, in addition to meeting changing reporting frameworks and standards. As reports are scrutinized by investors, customers, and regulators, ensuring the integrity of data is critical.

Without some level of technology assistance, it’s exceedingly difficult to meet stakeholders’ expanding expectations for timely, complete, accurate data reporting. Many point solutions exist that support different aspects of ESG programs—for instance, software to manage and track carbon emissions. However, to better manage rapidly evolving regulatory requirements, stakeholder needs, and reporting frameworks, organizations need technology solutions that provide more holistic support.

The following graphic outlines key ways technology can work to provide stronger governance or management of the overall ESG program.

Learn more about ESG through the following resources:

- Watch the full webinar.
- Learn how to workflow your ESG program in our workflow guide.
- Read the white paper, “Operationalizing the ESG imperative.”