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# Embedding Sustainability in Corporate Strategy Operations

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# Building Your ESG Maturity

In my previous Ecosystem Insights, I highlighted key drivers for boosting ESG maturity and the need to transition from standalone ESG projects to integrating ESG goals into organisational strategy and operations.

This shift can be difficult, requiring an alignment of ESG objectives with broader strategic aims and using organisational capabilities effectively. The solution involves prioritising essential goals, knitting them into overall business strategy, quantifying success metrics, and establishing incentives and governance for effective execution.

The benefits are proven and significant. Stronger Customer and Employee Value Propositions, better bottom line, improved risk profile, and more attractive enterprise valuations for investors and lenders.

**Here are 5 things to keep in mind when starting on an ESG journey.**





# #1 Use Compliance to Jump Start Your Journey but Explore the Value Beyond

The regulatory response is often the impetus for an organisation to get started on their ESG journey. Without careful attention the approach to ESG remains compliance-driven.

**The real value is when organisations use a focus on ESG to enhance their Customer and Employee Value Proposition, their operational and strategic resilience, and their attractiveness to investors and lenders.**

If you assume your customers, employees, and investors are not interested in ESG, you might not be hearing the full story from them.

## Key Stakeholders Demanding ESG Action



68%

Governments/Regulators



52%

Customers



49%

Supply chain partners



47%

Investors



## #2 Prioritise Your Goals and Promises

Organisations tend to take on too many ESG goals, overpromise (based on a lack of data or understanding of implementation challenges) and fail to prioritise them effectively against other organisational initiatives that may be misaligned to the ESG priorities.

**By committing to goals without fully testing alignment to strategy, feasibility of implementation, and ability to measure success, organisations run the risk of ‘greenwashing’.**

They may end up conveying a false or misleading impression of their environmental efforts, to present a more environmentally friendly image. This creates significant risk of brand and reputational damage.

### Biggest Challenges in Adopting ESG Measures



**64%**

Lack of dedicated or expert resources



**60%**

Lack of strategy alignment



**56%**

Challenges with metrics and reporting progress

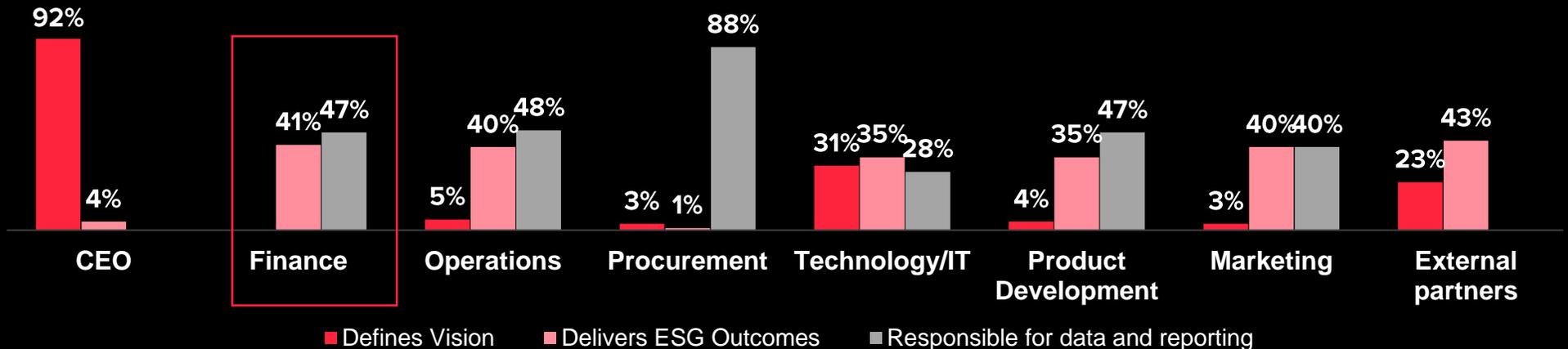


# #3 Don't Underestimate the Role of the CFO

While CEOs tend to have a central role in setting the strategy for ESG goals, the CFO is not often involved in this part of the process. We have seen successful organisations involve their CFOs in shaping ESG goals, strategy and integration to broader corporate metrics from an early stage.

**CFOs play a crucial role. They ensure that ESG goals are compatible with other important organisational strategies. They also merge financial and non-financial goals into a compelling and integrated narrative for stakeholders.**

## Role of Key Organisational Stakeholders in ESG Strategy & Delivery





# #4 Make Data, Analytics, and Technology Central to ESG Measures

Ecosystem research shows that technology teams act in a central capacity to drive adoption of technologies that can deliver ESG goals.

**However, not many organisations are using their technology teams to create shared metrics and dashboards. This is the key enabler for success in ESG implementation as it empowers the organisation to action.**

We also expect organisations to:

- ➔ Use data and analytics capabilities to model ESG risk and value opportunities
- ➔ Investigate ways to reduce the carbon footprint of technology infrastructure

## WHAT TECH TEAMS ARE DOING WELL TO DRIVE ESG ADOPTION

65%



IT/OT Integration for monitoring and reporting

59%



Adopting new technologies to support ESG measures

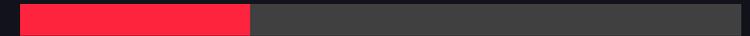
## WHERE THEY NEED TO IMPROVE

47%



Supporting data requirements

32%



Reducing infrastructure carbon emissions



# #5 Seize the Opportunity to Tell Your Story!

ESG reporting and communication are still evolving – Ecosystem research finds that organisations are primarily focused on compliance and compulsory reporting rather than on crafting compelling narratives for customers, employees, and communities (brand building). As demands grow for transparency and clarity in ESG progress reporting, organisations must strategically consider how they convey their narrative to different stakeholders.

 **Our ESG strategy and the tangible progress we are making on our core ESG goals is high on the agenda for the talent we are seeking to recruit in a competitive market.**  
Technology Provider at an Ecosystem event

## How Organisations Communicate Their ESG Endeavours





# Key Focus Areas

Developing maturity in ESG strategy and deployment requires work along many dimensions.

-  **Understand what matters.** Start with a Materiality Analysis and identify critical ESG concerns, stakeholder interests, and the influence scope.
-  **Remember less is more.** Choose a few aligned goals that reflect your enterprise strategy, create a compelling narrative, and define measurable success without over-committing.
-  **Build an execution engine.** Assign responsibilities for delivery of goals to executives that have most influence over them. Form a 'willing coalition' of employees, customers, suppliers, and supporters to drive implementation.
-  **Leverage data.** Develop data capabilities to uncover ESG performance analysis, troubleshoot solutions, and track organisation-wide progress. Quantify goals, targets, and metrics for team, supplier, and stakeholder engagement.
-  **Build a narrative.** Materiality Analysis clarifies stakeholder expectations. Transparent reporting and external communication foster deeper relationships. Embrace honesty and authenticity in acknowledging progress and areas for growth. Welcome support from partners.



# Engage our Consultants & Analysts



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