Key Recommendations

ESG is having more and more impact in businesses, across all departments, from product to finance, marketing, procurement, and risk. The expectations of ESG transparency are also felt through each layer of supply chains, from investors considering loans to a business, and even new hires. Leaders working with ESG understand that this is not just data, but the key to tomorrow's competitiveness and innovation.

Forrester's in-depth survey of 268 ESG decision-makers about their ESG-related challenges and goals yielded several important recommendations:

Understand your business's actual ESG exposure.

Compliance addresses regulators' ESG concerns (which are increasing), but a broader perspective is required to capture the ESG expectations of other stakeholders. Materiality mapping and assessing external and internal stakeholders' ESG expectations helps businesses look beyond compliance to the real ESG risks and opportunities facing the business.

Make ESG excellence part of everyone's job.

A sustainability or ESG lead working in isolation will not improve a company's performance. Many boards have pushed ESG-related targets into executives' performance reviews; ESG leaders have gone one step further and made these KPIs part of everyone's success criteria across the business. This motivates the desired improvements, and pushes the organization to improve how it tracks ESG.

Apply the same rigor to ESG data that is dedicated to financial data.

Regulators, investors, and business partners are, and will be, scrutinizing ESG data; in many organizations, auditors are getting involved to improve the rigor and hygiene. Businesses need to bring a higher degree of focus to ESG data management and reporting through dedicated improvement programs and partnering with IT and operations leaders.

