

Integrating ESG into Governance

By Gerald Trites

KPMG has conducted research on the manner in which companies are organizing themselves to incorporate sustainability into their financial reporting processes. They conducted 50 interviews with chief sustainability officers and managers to find out how sustainability focused organizations in general and group sustainability units in particular operate. They looked at what makes them successful and how they plan for the future.

For most companies, sustainability sits at the top of the corporate structures as a board-level responsibility, led by chief executive officers and, often, chief sustainability officers. Almost half of the companies use either a dedicated board-level sustainability committee or another specific committee, such as the audit committee. Use of the audit committee usually arises because sustainability is seen as primarily a disclosure issue, which really is not the best way to look at it. Rather it should be regarded as a strategic issue and core business operation.

The more common topics they are including are decarbonizing business models and reducing greenhouse gas emissions. Beyond these, “eight respondents mention health, safety and environment, four cite cyber security and data privacy, three include employee wellbeing and two list pollution. Topics mentioned once include water conservation, traffic safety, tackling homelessness and financial inclusion.”

It's good to see sustainability taken so seriously at the board level. It augers well for the future of sustainability disclosure and sustainability strategy. For a copy of the KPMG report check this link. <https://kpmg.com/xx/en/our-insights/esg/anchoring-esg-in-governance.html>