



From compliance to competitive advantage

Harnessing ESG regulation to accelerate
your sustainability strategy

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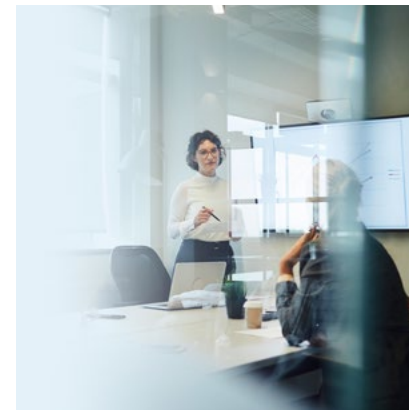
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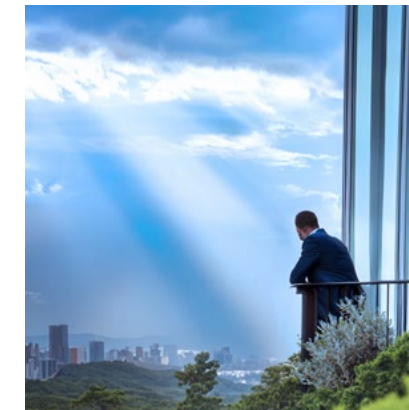
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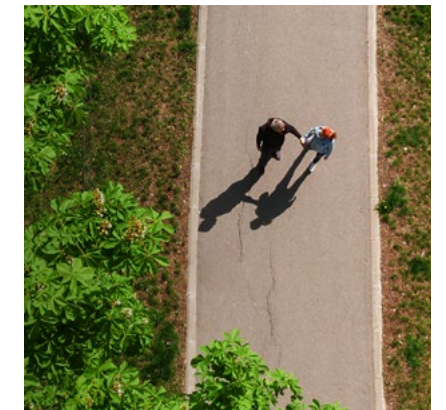
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Introduction



As companies around the world look to meet their net-zero and other sustainability targets, there is now a greater sense of urgency. They face a rapidly evolving regulatory landscape that is quickly impacting how they think and perform. Among these newly implemented laws and regulations, there is a wide range of new environmental, social and governance (ESG) reporting requirements. These include the European Union's Corporate Sustainability Reporting Directive (CSRD), the US SEC's Climate-Related Disclosures (CRDs) and requirements developed by the International Sustainability Standards Board (ISSB).

Complying with these new rules can be challenging as they place new demands on both finance and sustainability teams. But these requirements also present an opportunity to leverage a rapidly evolving set of new technologies to help organizations gather better information, make smarter business decisions and create value from sustainability.

Case in point

A strategic approach to climate disclosures

To meet proposed SEC climate risk disclosure requirements, a multinational financial services firm sought Accenture's help. The company also wanted assistance with preparing its Carbon Disclosure Project (CDP) report, since CDP is now aligned with frameworks that underpin global ESG regulations, including new requirements around climate risk and opportunity reporting. We helped them develop a strategic plan to integrate and maintain a climate program within the company, offering guidance on governance, strategy, risk management and setting specific metrics and targets. Today, the client has successfully incorporated their climate strategy into their operations, allowing them to manage and continue their reporting and risk management processes. This prepares them to meet upcoming disclosure requirements.

By combining technology capabilities and human ingenuity, organizations can transition from merely complying with ESG requirements to driving greater value from their reinvention strategies.

Our 2023 Reinvention research found that Reinventors, those companies that have built the capability for continuous reinvention, increased revenues by an additional 15 percentage points compared to other survey respondents from 2019 to 2022.

We expect the gap in revenue growth to increase by 2.4 times to 37 percentage points by 2026. Reinventors are also more profitable. Their average profit margin (EBITDA/revenue) between 2019 and 2022 was 5.6 percentage points higher than the rest. Our modelling estimates that, for the average Reinventor, each year following the adoption of a reinvention strategy is linked to a 2.9 percentage point uplift in margin relative to those that are not pursuing reinvention. But Reinventors don't just excel on financial measures. They outperform their peers on non-financial metrics as well.

Enterprise reinvention Driving value with sustainability at the core

As our recent **Reinvention research** validates, reinvention is key to business success today. Although many organizations are keen to reinvent themselves, only 9% of companies have built the capability for continuous reinvention. These Reinventors outperform their peers on financial and non-financial metrics. Sustainability is a notable area of focus for Reinventors. Relative to the rest of respondents, they plan to drive further improvements to their sustainability capabilities in the short-term. While one in four companies across the full sample expect to “fundamentally reinvent” sustainability at their organizations over the next three years, one in two Reinventors do. The growing performance gap creates an imperative for other organizations to find new ways to further accelerate their reinvention journey.



How can organizations seize this opportunity to move from compliance to growth?

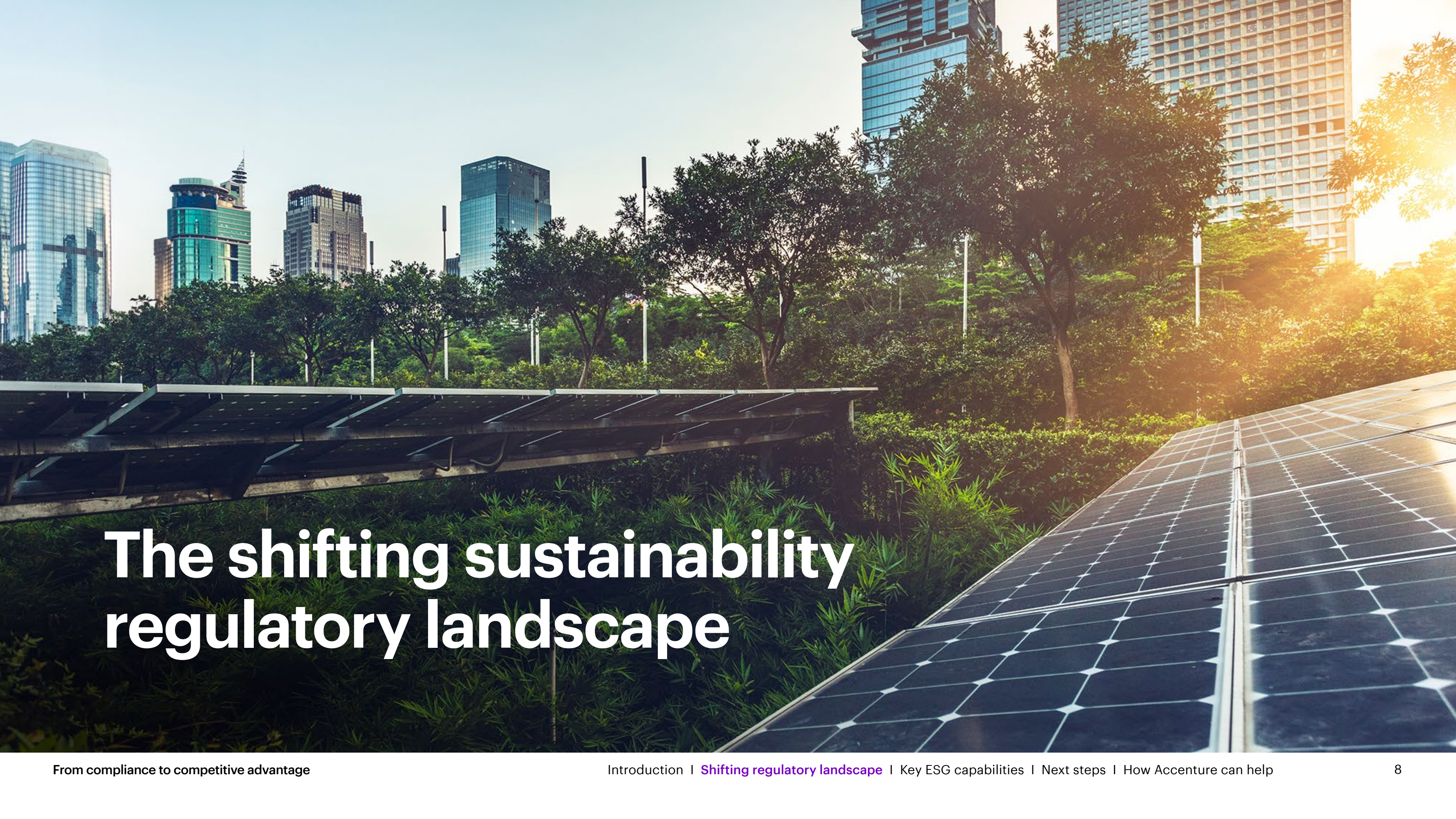
Drawing from our extensive experience with global companies and observing leading practices, we have identified **nine key ESG measurement, management and talent capabilities** that organizations need to develop. To explore how widespread these capabilities are, and how they can create competitive advantage, we surveyed more than 700 Chief Financial Officers (CFOs) across 11 countries and conducted in-depth interviews with more than a dozen finance and sustainability executives.

Our ESG Measurement and Management Study found that while many companies are prioritizing compliance and beginning to enhance their ESG measurement and reporting capabilities, only 10% of CFOs report they are ready for granular reporting mandates.

Also, only 15% of respondents are taking a strategic approach to this challenge. This group of companies with more mature ESG measurement and management capabilities see sustainability as an opportunity, a differentiator and a value driver for the organization. They also show a strong “shared ESG accountability” mindset with nearly three-quarters involving three or more executives in the company’s ESG program.

Our research also identified companies that are strictly focused on compliance. For this group, sustainability and profitable growth are seen as opposing forces.

As the regulatory agenda intensifies, companies that can pivot quickly and approach ESG reporting strategically will be able to move from simple compliance to creating a clear competitive advantage for their organizations. Throughout the report, we have included examples of companies that have made the critical shift in their ESG measurement and management thinking and activities.

A photograph of a rooftop garden with solar panels and a city skyline in the background. The foreground shows rows of dark solar panels on a metal frame, with lush green plants growing underneath. In the background, several modern skyscrapers are visible against a clear sky, with a warm, golden light suggesting sunset or sunrise.

The shifting sustainability regulatory landscape

Sustainability-related legislation and regulation are increasing rapidly around the world, resulting in an expanded role for CFOs and finance departments. These reporting and fiscal measures change the costs and consequences of business as usual. They also require attention and action by CFOs as finance officers and as drivers of business performance. More than 90% of the finance executives in our survey agree that ESG issues will be a major focus for them over the next five years.

“Companies cannot really afford to avoid embedding sustainability: regulation means it’s becoming more expensive to pollute so they need to get a solid view on their material environmental impact.”

Hilde Nordbø

Director & Head of Sustainability
Handelsbanken

Policymakers are using three mechanisms to achieve a range of outcomes (see Figure 1). CFOs need to understand these mechanisms and develop approaches in line with regulators’ objectives.

- Measures aimed at increasing market transparency and the recognition of ESG risks and opportunities by mandating disclosures.
- Measures aimed at creating fairness and opportunity for domestically produced goods by setting prices on the carbon content of imports.
- Measures aimed at affecting business decisions by providing incentives and grants for specific sustainable activities.



Figure 1. Overview of current and upcoming sustainability regulations

Mechanism	Description		Selected regulations (not exhaustive)				
Mandatory disclosures	Measures aimed at increasing market transparency and the recognition of risks and opportunities related to ESG factors	Disclosures at the company level	Corporate Sustainability Reporting Directive (CSRD)	California SB-253	SEC Climate Change Disclosure Rules	Brazil Resolution 153 (ISSB standards)	Australia climate-related financial disclosures (ISSB standards)
		Disclosures along the supply chain	EU Deforestation Regulation	Ecodesign for Sustainable Products Regulation	Corporate Sustainability Due Diligence Directive (CSDDD)		
Carbon pricing	Measures aimed at creating a level playing field for home-produced goods, setting a price on the carbon content of import		EU Carbon Border Adjustment Mechanism (CBAM)	UK Carbon Border Adjustment Mechanism	US Foreign Pollution Fee Act		
Incentives and grants	Measures aimed at directly affecting investment decisions concerning specific (sustainable) activities		Inflation Reduction Act (IRA)	Infrastructure Investment and Jobs Act (IIJA)	REPowerEU Plan		

Legend:

In force | Pending approval

Source: Accenture’s grouping of existing and proposed regulations based on publicly available documents.

While pressure grows, companies are unprepared

A large majority of CFOs (81%) are feeling pressure from at least three different stakeholders to take more action on sustainability issues. Governments and regulators top the list, with 72% of respondents citing them as a source of pressure (see Figure 2).

Governments and regulators are using ESG disclosures to trigger a change in businesses’ sustainability practices. Executives expect these mandates will continue to rise, with almost 85% predicting an increase in disclosure requirements within the next three years.

“It is important that we keep our eyes on creating impact in a compliant way, rather than focusing on compliance and hoping that it will lead to having an impact.”

Léon Wijnands

Head of Sustainability
ING Netherlands

Many respondents say that their companies aren’t fully prepared to meet these requirements. Upcoming regulations demand that companies report on risks and opportunities related to climate change and seek external assurance on their disclosures. Just 22% of CFOs surveyed say they are well prepared to do both. If we add other granular ESG reporting mandates, such as resource use and circularity, the percentage drops to only 10%.

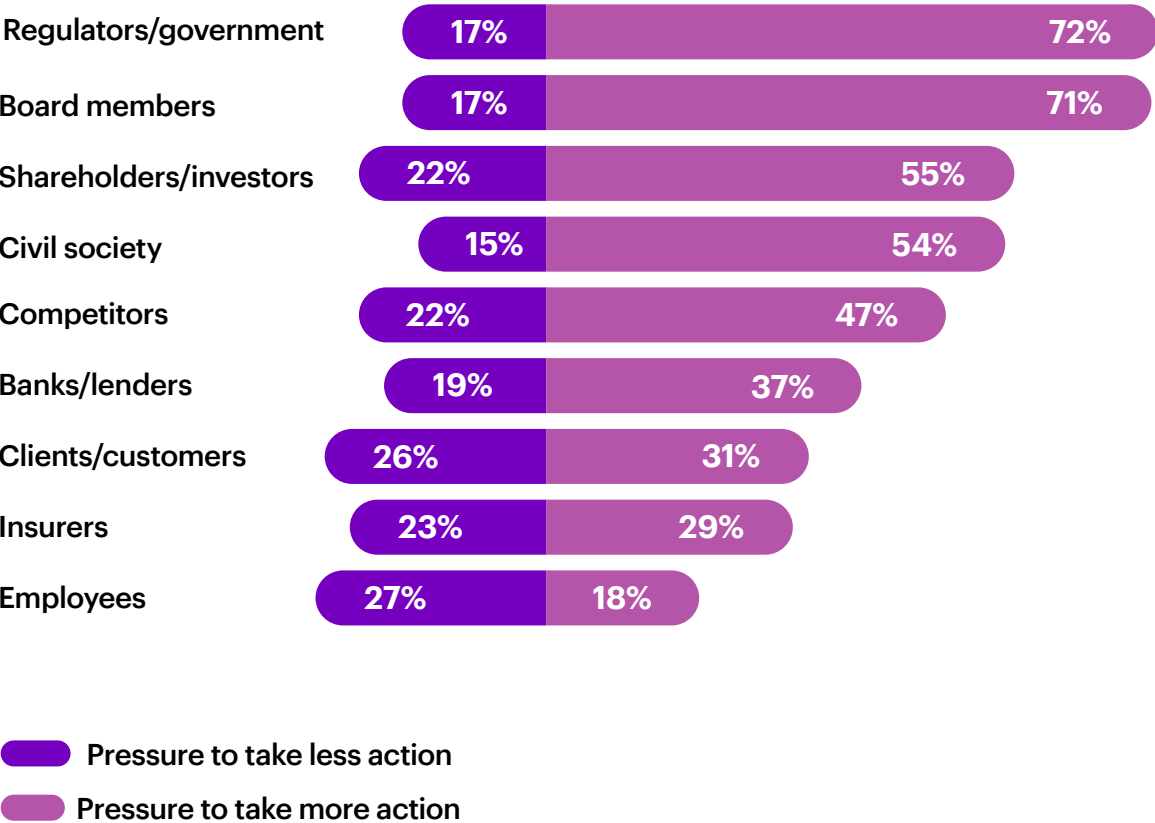
“When regulations force you to look at something that you haven’t paid attention to previously, you can gain new insights and inspiration. You can translate this input into concrete actions and even discover that something good for the environment can also benefit the bottom line.”

Massimo Terrevazzi

Group CFO & Executive Director
Perfetti Van Melle Group

Figure 2. The urgency around sustainability is clear across stakeholder groups

Q. Does your organization feel pressure from the following stakeholders to act on relevant sustainability issues? (% CFOs)



Source: ESG Measurement and Management Study, 2023; N = 730.

From compliance to growth

Complying with new regulations should be just the beginning of an organization's sustainability strategy. Yet insights from our survey and in-depth interviews show that organizations often struggle to align their long-term aspirations to their short-term objectives.

For example, over the long term, a successful sustainability program can reduce costs by making production cycles more efficient and cutting energy use and waste. It can also increase revenues by opening access to new customer segments or markets. Consider findings from our [2023 Industrial Decarbonization research](#) that found innovation and growth will be key to accelerating the energy transition. Fifty-one percent of the heavy industry executives surveyed plan to launch or expand products and services with a lower carbon footprint in the next three to five years. Meanwhile oil, gas and power executives expect a 24% revenue contribution for services that enable industrial and logistics decarbonization in five to 10 years.

In the short term, however, challenges can appear difficult to overcome. Initial costs can

be high and may negatively affect margins. Survey respondents cited “high costs” and “no incentives aligned to sustainability” as the top barriers to initiatives aimed at transforming their operating and business models to become more sustainable. Employees may also resist change if they are asked to adapt to new ways of working.

Our study finds that high costs and the lack of incentives aligned to sustainability goals are top barriers to transforming operations and business models to become more sustainable.

To overcome these challenges, many of the executives we interviewed emphasized that establishing clear and explicit connections between sustainability and business outcomes is necessary to gain buy-in. It's also vital to showcase the benefits and value generated by investing in the technology, tools and talent required to develop more mature ESG capabilities.

Case in point

ESG supports ambitious sustainability goals

The Wilo Group is a multinational technology group headquartered in Germany and one of the world's leading suppliers of pumps and pump systems for building services, water management and the industrial sector.

The company recently embarked on a very comprehensive change effort, redefined its strategic priorities and positioned its group-wide sustainability strategy to be overarching. All other functional corporate strategies are subordinate to it, without exception. They quickly realized that building the right ESG measurement and management capabilities would support the company in its sustainability strategy and also deliver on their financial objectives.

The support of the Wilo Executive Board was crucial. Through an integrated approach and strong leadership commitment, Wilo has successfully prioritized sustainability, demonstrating the potential of regulatory frameworks—often seen as a compliance burden—to contribute to their ambitious sustainability goals.

The key ESG capabilities to move from compliance to competitive advantage



Our research and client experience identified nine technology- and talent-based capabilities organizations must develop to move beyond mere compliance and create competitive advantage as they accelerate their sustainability strategy.

These capabilities sit in three categories:

ESG measurement, ESG management and talent.

ESG measurement

To comply with disclosure requirements, CFOs need to be able to accurately measure ESG performance. This involves having in place the right processes and technologies to collect all the relevant ESG data, help ensure its quality and make it available across the organization. Technologies like generative AI can play a critical role in accelerating the automation of data and its dissemination throughout the business.



Data collection

Whether and to what extent an organization has automated ESG data collection.



Data quality

The existence and sophistication of frameworks and controls to ensure automated ESG data quality within an organization.



Data availability and integration

Access to ESG data across business units and functions through an integrated platform.



Case in point

ESG data platform to deliver sustainable finance targets

This Europe-based investment bank has established its global sustainability strategy with a focus on sustainable finance and ESG policies and commitments. They turned to Accenture for help in building a central ESG data platform to support the strategy and effort. This new platform allows the bank to meet regulator expectations, measure and steer their goals for sustainable finance targets and support key public disclosures using a tech-based solution.

ESG measurement and management in the era of generative AI

It's clear from our research that companies with more advanced capabilities will be better positioned when it comes to compliance and will progress more rapidly on their sustainability journeys. Using generative AI can be a powerful way to accelerate change and create value.

Accenture has developed an ESG-specific large language model (LLM) that can generate report components from simple prompts a user inputs with KPIs, goals or achievements. It can automatically structure ESG data, keep track of regulatory changes, assist in drafting ESG disclosures and provide answers to questions such as: What are my peers including in their reports that we are not? Are we closer to meeting our sustainability goals this year compared to last year?

In our testing, we found that sustainability professionals who used the model achieved productivity increases of more than 74% and quality increases of more than 22% compared to those working without it.

Generative AI dramatically reduces the labor required to structure management information and create reports, freeing up teams to act on the strategic insights they contain.

Going forward, Generative AI will also improve our emissions forecasting capabilities and help us achieve our near and long-term science-based targets. In the long-term, this generational technology will reinvent how we do things today, unlocking new efficiencies, unprecedented insight and ESG performance.

ESG management

It's also important that CFOs manage the company's ESG performance with confidence. This involves linking non-financial key performance indicators (KPIs) to financial metrics and analyzing and forecasting ESG data to identify risks and opportunities. To achieve this, regular non-financial monitoring is necessary to identify and address discrepancies between actuals and targets. It also requires giving the organization's leaders easy access to ESG information in a manner that can inform strategic business decisions.



Transparency and integration of non-financial KPIs

The extent to which an organization's non-financial metrics are defined and linked to financial reporting.



Analytical and forecasting technology

The existence and sophistication of an organization's technology (AI and generative AI) for analyzing and forecasting ESG data.



Leadership access to and consumption of ESG information

How organizational leaders access and use ESG information for strategic decision-making, through real-time insights and customizable data visualizations.



ESG considerations in business decisions

The extent to which ESG factors are integrated into an organization's business strategies and decision-making processes.

“Generative AI represents a truly positive development. There are so many areas in sustainability management that are still nascent and they can grow and develop much faster thanks to generative AI.”

Margaret Smith

Senior Managing Director and Executive Director
Accenture Corporate Services & Sustainability and
Business Operations

Talent

Underlying both measurement and management is talent. While strong ESG skills are essential in the finance team, they are also critical for teams outside of finance so that they can effectively collaborate with their finance colleagues. To truly integrate sustainability into business performance, it's crucial to have people across the organization with both financial and ESG skills.



ESG skills in the finance team

The level of ESG expertise within the finance organization.



Finance skills in the sustainability team

The extent of financial expertise available within the sustainability or ESG team.

Organizations can develop each of these nine capabilities to different levels of maturity, ranging from weak to strong (see Figure 3). Companies with more mature and stronger ESG measurement and management capabilities are better positioned to build competitive advantage and accelerate their sustainability strategy. This is also a critical building block to the success of any enterprise reinvention strategy and value creation.



Figure 3. Maturity level criteria for the nine key ESG capabilities

		Weak ESG measurement and management capabilities  Maturity levels  Strong ESG measurement and management capabilities			
ESG Measurement	1. Data collection	ESG data is not collected	The data is manually collected and held in spreadsheets	A subset of ESG data is automatically captured	All necessary ESG data is automatically captured at a granular level
	2. Data quality	Data quality standards are not established	Data quality frameworks and controls exist to validate critical data elements	Data quality frameworks and controls exist, with documentation of the control performance	Data quality measures are implemented, monitored in an automated process
	3. Data availability and integration	ESG data is not collected	ESG data is partially available for some business units/functions in a mix of source systems	A subset of ESG data is available for all business units/functions and harmonized in source systems	All necessary ESG data is available for all business units/functions and harmonized in source systems All necessary ESG data is available through an integrated platform in a “single source of truth” solution together with operational and finance data
ESG Management	4. Transparency and integration of non-financial KPIs	Non-financial KPIs are not defined	Non-financial KPIs exist, but without clear relationship to financial metrics	Non-financial KPIs exist, but only qualitative relationships with financial metrics are established	Non-financial KPIs with a clear link to stakeholder value are defined, prioritized, reported, and monitored alongside financial metrics
	5. Analytical and forecasting technology	Limited to no functionality to analyze ESG data	Basic business intelligence for ESG data	Finance forecasting capability is leveraged to expand and incorporate the ESG component to some extent	Finance leverages predictive analytics (AI, generative AI and structured and unstructured data) to model internal and external unstructured data to forecast ESG metrics and to identify potential risks/opportunities
	6. Leadership access to ESG information	ESG information used for reporting purposes only	Most ESG information available via a self-service portal with few standardized KPIs	ESG information available via a self-service portal with customizable KPIs and visualizations to answer key business questions	Access to real-time ESG information via a self-service portal is available, which includes insights to optimize ESG performance
	7. ESG considerations in business decisions	ESG factors not considered	ESG considerations incorporated, but with high degree of uncertainty and inconsistency regarding trade-offs	ESG considerations are incorporated, mobilizing a set of experts to integrate practices and provide insights on trade-offs	ESG performance thresholds in business decisions are clearly defined and robustly governed
Talent	8. ESG skills in the finance team	Very poor	Poor	Fair	Good Excellent
	9. Finance skills in the sustainability team	Very poor	Poor	Fair	Good Excellent

Source: Accenture analysis of ESG Measurement and Management Study findings, 2024.

Companies' progress is uneven ...

Most companies we surveyed have started to develop some of these capabilities, particularly around measurement, which is an essential prerequisite to effective performance management.

55%

More than half of respondents are capturing relevant ESG data automatically;

62%

Almost two-thirds have frameworks and controls in place to document ESG performance; and

60%

More than six in ten also reported having necessary ESG data available for all business units.

Given increasing demands around ESG disclosures, this comes as no surprise. **Legislation** such as the EU's CSRD will require large EU and non-EU-based companies to have their 2024 fiscal year reports audited. While most organizations are beginning to build these capabilities, some underestimate the time and effort needed to do so across the enterprise. Additionally, many companies have developed these measurement capabilities only in certain areas. Fewer than 10% of respondents have fully established all three measurement-related capabilities. Without mature ESG measurement capabilities, ESG performance management will remain challenging.

Case in point

A future-proof and flexible ESG data process that drives results

This global grocer reported on multiple ESG KPIs, such as carbon emissions, food waste, plastics usage, and supply chain integrity among others. However, their data processes were manual and transparency on ESG performance limited. They turned to Accenture to develop a future-proof and flexible ESG data process. We worked with them to focus their ESG reporting processes on four strategic KPI areas. We then identified more than 30 improvement initiatives across the ESG KPI areas to further their ESG journey. The roadmap and identified initiatives are expected to lower carbon emissions by 50%, reduce waste and plastics usage, as well as improve supply chain transparency.

... yet a small group is taking the lead

A few companies have reached a high level of maturity across the nine capabilities, developing methods to both measure and manage their ESG performance to drive business outcomes. Based on the survey results, we divided respondents into three levels of ESG capabilities maturity.

Weak ESG measurement and management capabilities

About 12% of companies surveyed fall into this category. Their ESG data collection is partially automated at best. They perform data quality controls but do so manually. The ESG data they have is accessible to only certain pockets of their businesses. What these companies lack most is the ability to extract useful information from the data they collect. More than 60% of companies with weak capabilities have, at best, basic business intelligence capabilities to analyze and forecast ESG data. And nearly 90% fail to integrate ESG parameters into their business decision-making. Their finance talent also suffers from poor ESG skills, while sustainability teams suffer from poor finance skills.

Moderate-level ESG measurement and management capabilities

Most companies (73%) operate in this middle ground. They have better processes for collecting ESG data—with 54% having already automated ESG data capture—have more robust quality controls and make their ESG data more widely available across the organization. While they are moving toward closer integration of ESG information into their management systems, this integration is still incomplete. For example, 61% of respondents in this group are incorporating ESG components into their financial forecasting capabilities to some extent. As for talent, finance teams could benefit from improved ESG skills while their sustainability peers would benefit from better finance skills.

A strong digital core is key to reinvention

Developing a secure **digital core** that enables the use of artificial intelligence is central to any reinvention strategy.

In the context of ESG disclosures, organizations need to search huge volumes of often unstructured data. A strong digital core that uses cloud and AI through an interoperable set of secure and flexible platforms is critical. Such an infrastructure can facilitate the task of complying with regulations and also extract the full potential and value of data to drive new growth.



Strong ESG measurement and management capabilities

About 15% of companies have strong ESG capabilities. These businesses gather detailed ESG information and monitor its quality automatically. They turn ESG data into knowledge to improve real-time strategic business decision-making. Furthermore, they use predictive analytics to identify potential ESG-related risks and opportunities and foster collaboration by cultivating complementary skills within their finance and sustainability teams. Their finance and sustainability teams also benefit from solid ESG and finance skills.

However, integrating ESG parameters into business decisions remains challenging. Only 13% of this group reported having clearly defined and governed ESG investment criteria.

Case in point

Step up ESG tracking and reporting with cloud

This North American technology company with subsidiaries in multiple sectors wanted to streamline its environmental tracking and reporting across carbon, waste, and water. Accenture helped the firm increase its ESG reporting frequency, shifting from annual to monthly reporting. We implemented a sustainable cloud-based solution and configured it to automate scope 1, 2, and 3 emissions calculations for assets such as buildings and fleet vehicles in addition to procurement. The core functionality was extended to track water use, waste generation, internal sustainability projects, renewable energy and offsets. To support the transition to a sustainable cloud platform, a change management, training and documentation program was also implemented.

Companies with strong capabilities see sustainability as an opportunity

Our survey shows there is a direct correlation between a company’s ESG measurement, management and talent capabilities and its ability to see sustainability as an opportunity. This means companies with strong ESG capabilities can leapfrog their peers by identifying and acting on sustainability-related opportunities more quickly.

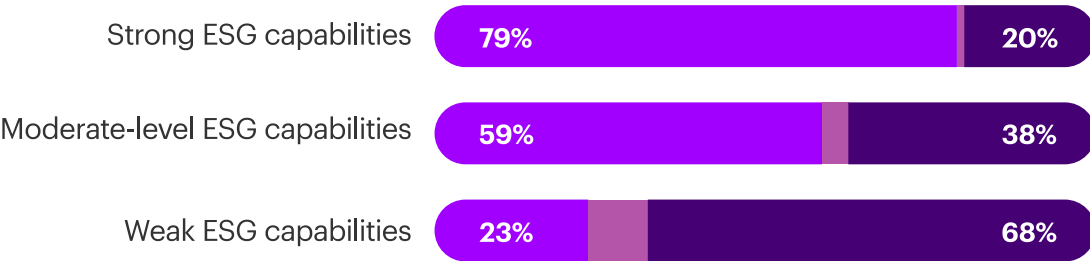
- About **20% of respondents from companies with strong ESG capabilities** already consider sustainability a significant value driver for their organizations. This is accelerating their sustainability strategy. Less than half as many respondents from companies with weak ESG capabilities feel the same (9%).
- **More than two-thirds (68%) of CFOs from companies with weak capabilities** believe balancing sustainability and profitable growth is challenging for their organization,

whereas only 20% of companies with strong capabilities hold this sentiment. From our experience, companies with weak capabilities tend to have poorer visibility into the growth opportunities hiding in their sustainability efforts.

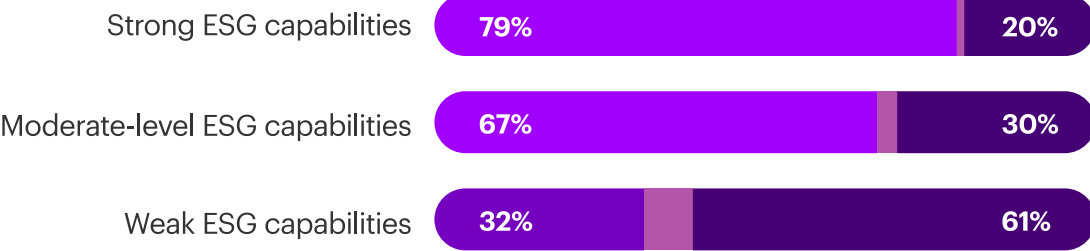
- In a similar vein, only **20% of CFOs from companies with strong capabilities** believe that focusing on sustainability negatively affects the interests of their shareholders. Three times as many (61%) of CFOs from companies with weak capabilities believe this (see Figure 4). This sentiment was confirmed in our client discussions.

Figure 4. Respondents in organizations with less mature ESG capabilities struggle to align sustainability and profitable growth

“Striking a balance between sustainability and profitable growth is challenging for my organization”



“A focus on sustainability negatively affects the interests of our shareholders”



Disagree
Neutral
Agree

Source: ESG Measurement and Management Study, 2023; N = 730.

Case in point

Accelerating opportunity through better ESG measurement

This top Latin American petroleum company had to accelerate its 2024 sustainability strategy in response to mounting political pressure, increasing climate risks and the need to rapidly transition its national energy economy to low carbon. We helped them:

- Benchmark their climate disclosures relative to regional and global peers and identify gaps in existing climate-related disclosures.
- Perform climate scenario analysis to quantify financial impacts from physical risks and transition risks under different potential climate futures and to identify new business opportunities. We also helped them use macroeconomic models to quantify the impacts of regulatory transition risks.
- Build an operational roadmap to better embed climate risk management and governance into the business.

Companies with different maturity levels of ESG capabilities also have different motivations for their sustainability efforts. Those with weak capabilities are more likely to invest in sustainability initiatives to manage risk, whereas the main motivation for companies with strong capabilities is often to improve financial performance.

Executives in companies with weak capabilities also struggle to reconcile sustainability with other business priorities. Not surprisingly, given their less mature ESG measurement and management capabilities, they also identified the lack of reliable data to support decision-making as one of their top barriers.

These findings emphasize the need for companies to integrate financial and ESG planning to enable them to understand the degree to which ESG and business strategies are aligned and how they impact each other.



The CFO and CIO – a powerful alliance

Data is fundamental to both ESG reporting and any successful sustainability program. CFOs rely on Chief Information Officers (CIOs) to access relevant data and for systems to translate data into actionable insight. Close coordination between CFOs and CIOs can also help organizations to integrate these insights into enterprise decisions, creating both business value and sustainable impact.

At Accenture, the CIO organization has played a pivotal role from the outset in shaping the transformation needed to meet our sustainability commitments. Their early involvement has ensured they are fully equipped to support all functions with essential data and technology to achieve our goals. Our longstanding collaboration with stakeholders, partners, and suppliers enables us to provide expert guidance, identify gaps, and inform our long-term strategic roadmap.

“It was crucial to have the entire C-suite involved in the discussion... the tipping point came when the entire Board and CEO realized that this initiative is more than a reporting exercise. The entire organization would be changing. Having the full support of the C-suite makes it easier to drive change throughout the organization.”

Daniel Podgorny

Senior Vice President,
Group Finance, Accounting & Taxes
Wilo Group

Companies with strong capabilities share accountability across executives and functions

Companies with strong ESG capabilities also differ from their peers in the degree of involvement and ownership demonstrated by different stakeholders for ESG measurement and management (see Figure 5).

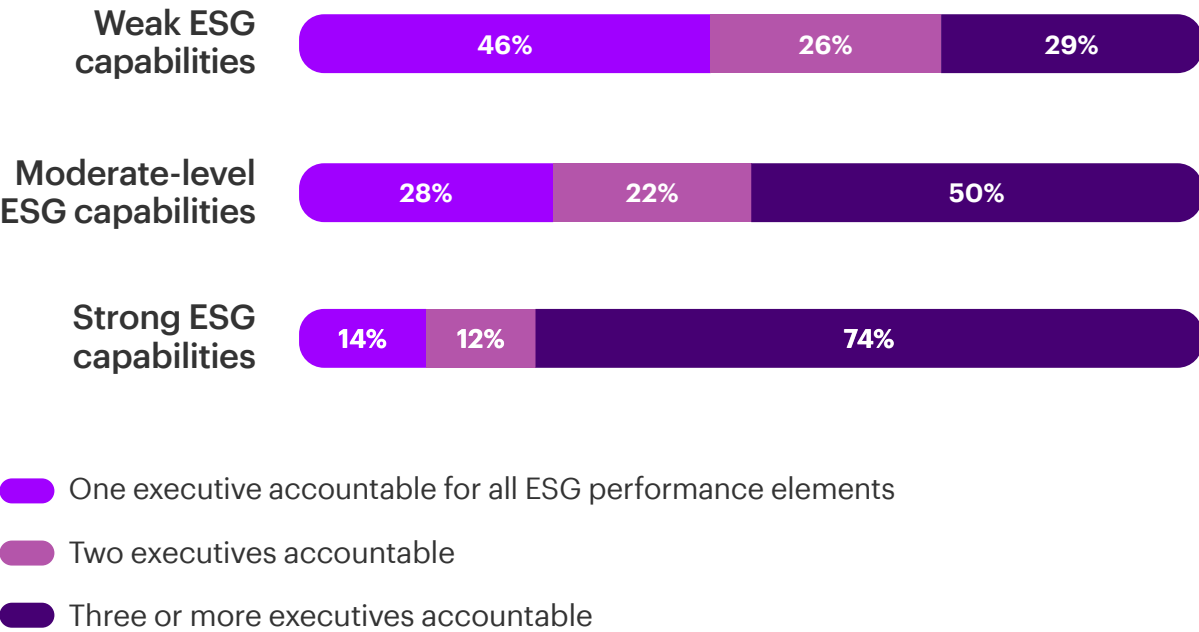
Across all companies in the survey, regardless of capabilities’ maturity level, Chief Sustainability Officers (CSOs) are typically accountable for ESG performance. But in companies with strong capabilities, it’s more common for multiple executives to own ESG measurement and management. About half (46%) of companies with weak capabilities entrust all ESG responsibilities, from setting strategy and KPIs to collecting and reporting data, to a single executive—usually the CSO.

In contrast, nearly three-quarters (74%) of companies with strong capabilities have shared ESG responsibilities among three or more executives, with the CFOs most likely to oversee setting and tracking ESG KPIs and collecting and reporting ESG data.

This is because companies with weak ESG capabilities are more likely to treat sustainability as something **bolted on to the organization rather than built in**—an approach that impairs the ability to capitalize on growth opportunities. A successful journey to sustainability can happen only by breaking free from business and functional silos. Being able to provide easier and broader access to ESG information can help facilitate and strengthen this cross-functional collaboration.

Figure 5. Shared accountability is more common in ESG-mature companies

Number of different executives that are accountable owners of various ESG performance elements



Source: ESG Measurement and Management Study, 2023; N = 730. Due to rounding, figures may not total 100%.

Next steps

Every company faces unique challenges in developing its ESG measurement, management and talent capabilities and regardless of the starting point, the following actions are recommended:

Define your ambition

When it comes to ESG reporting, CFOs need to decide with their C-suite colleagues if their ambition is simply to be compliant or seize the opportunity and use the information to drive the business. Being clear about the goal helps define the people, skills and infrastructure needed across the organization.

Prepare for compliance

A key driver of the current regulatory effort is to provide ESG disclosures that are comparable to financial statements. Almost all proposed or enacted regulations will require these ESG disclosures to be audited. At a minimum, companies should be prepared to provide limited, reasonable assurance.

- **Complete a readiness assessment:**
Evaluate disclosure requirements against existing ESG programs to identify key gaps and weaknesses. Review existing governance, processes and controls to assess their suitability for audit requirements.
- **Position yourself for the future:**
As regulations on ESG disclosures are being enacted quickly, companies should look beyond the most immediate requirements and build datasets that will support future needs.
- **Secure the right skills:**
This is critical. Either through recruiting, training or external support, make certain the finance function has the skills to properly understand the ESG metrics and data requirements. At the same time, organizations need to build finance skills in other teams so they can provide the right information to the finance team.

Integrate your ESG reporting

ESG data measurement and targeting can only be performed together with financial planning and performance management as they impact each other. In addition to offering a more integrated view of business performance, this is critical to supporting C-suite strategic decision-making.

“To truly incorporate sustainability into your business, it must be integrated throughout. We have an integrated strategy that includes both financial and concrete ESG KPIs as we strongly believe in sustainable growth.”

Léon Wijnands

Head of Sustainability
ING Netherlands

Case in point

Integrating sustainability into financial planning

Mars, Incorporated is pioneering a transformative approach with its “**Sustainability in a Generation Plan**,” aligning its operations with the United Nations’ Sustainability Goals. By addressing climate change with science-based actions, the company sets a robust example of corporate responsibility. Moreover, **Mars’s involvement** in supporting the alignment of the EU’s Corporate Sustainability Due Diligence Directive (CSDDD) with international standards underscores its leadership role in promoting sustainable practices beyond its corporate boundaries.

The company’s **CFO and finance function play a critical role** in the company’s sustainability agenda and advocating for global consensus on climate finance amid significant global challenges. Also, the company has completed a **\$2.5 billion bond offering** underlining its efforts to tackle sustainability issues.

Through these concerted efforts, Mars, Incorporated exemplifies how integrating sustainability into the core of business and financial strategy can lead to both environmental and economic success.

Turn data into insights

To gain insight from ESG data, companies need to automate their collection process by using advanced ESG reporting tools and establishing the appropriate IT architecture. This includes building a **data and generative AI backbone** into the company’s digital core. Outsourcing or managed-services solutions can help organizations quickly access leading ESG measurement capabilities and accelerate their ability to move from data to insights. Making good use of the new insights to gain efficiencies and drive new growth requires aligning ESG and business strategies and embedding ESG considerations into strategic decision-making, particularly those related to investments and M&A activities.

Technology will play a decisive role in streamlining ESG measurement, management and reporting activities. Collaborating with ecosystem vendors and partners for “mutual gain” can accelerate a company’s ability to build mature ESG measurement and management capabilities.

Stay close to regulators and ecosystem allies

One way to do this is to communicate proactively and transparently. With regulators, this can help companies better understand their current and future thinking, intent and priorities when it comes to regulatory and voluntary ESG commitments and matters. Proactive communication also allows companies to get valuable feedback on their planned activities from these interested parties.

Engage with your people and stakeholders

With continued regulatory pressure, the demand for detailed ESG disclosures will continue to grow. Along with the expectation that all data will be auditable and included in traditional financial reporting, that places the responsibility for ESG reporting clearly on the CFO’s desk. However, to turn this requirement into a growth opportunity, a shared understanding of ambition across the C-suite is necessary.



Leaders who want to make the most of newly acquired ESG data need to win the hearts and minds of their internal stakeholders. One way to do this is to position the effort as a component of a key strategic enterprise initiative and not as an additional “global compliance effort.” Mobilizing internal stakeholders early and setting up change management programs to gain their support is a critical step.

Companies that can transform ESG data into insights and embed them into business decisions are better able to identify sustainability-related opportunities, overcome barriers and in the end, generate more value through better decision-making.

As our study findings show, CFOs who lead by example and approach this challenge by taking a strategic approach to building ESG measurement and management capabilities will likely build competitive advantage and accelerate their organization’s sustainability strategy.

Case in point

Data, building block to environmental reporting

A leading international mining company committed to sustainability sought Accenture’s help in strengthening their environmental reporting process. Working with the client, we helped them establish long-term data standards and a data and technology foundation. This was critical for gathering data across material topics, streamlining data collection for key environmental datasets, and improving data integrity and accessibility. The enhanced capabilities allow for more data-driven and environmentally conscious decision-making, key to supporting the client’s sustainability aspirations.

How Accenture can help

At Accenture, we are committed to integrated reporting and 360° value. It sits at the heart of everything we do.

We launched **this value creation initiative** firmly believing that there is a unique opportunity for organizations to unlock value and enterprise-wide growth. As a sustainability leader, Accenture helps clients embed ESG data into decision-making and performance measurement throughout the organization. We effectively measure business value and sustainable impact across these six pillars:

1. Strategy

Define sustainability ambitions, build the business case and develop sustainability roadmaps to deliver reinvention at scale.

2. Enterprise value

Select and define external and internal KPIs, integrate them into enterprise performance management, align with regulatory compliance, and define external and internal stakeholder messaging.

3. Leadership and culture

Develop an approach to embed sustainability throughout the organization; aid Board effectiveness, hardwire purpose into the culture, clarify governance, define inclusion and diversity ambition and up-/re-skilling plans.

4. Data

Develop a data strategy and governance framework, select and deploy a data platform, define data models, secure and curate data, and define analytics capabilities. This is critical, as data is the currency of generative AI.

5. Tools and technologies

Define ESG tech architecture, automate data flows and calculation engines to extract and transform ESG data and inform decisions to lower the environmental impact of IT hardware. Discover Accenture's new and innovative **ESG Domain Model**, a custom-trained LLM that automatically structures ESG data and programmatically generates reports and insights with precision and efficiency.

6. Stakeholder experience

Design digital-enabled experiences for end users, dynamic reporting and analytics to unleash real-time insights and establish critical delivery channels and dashboards.

About the research

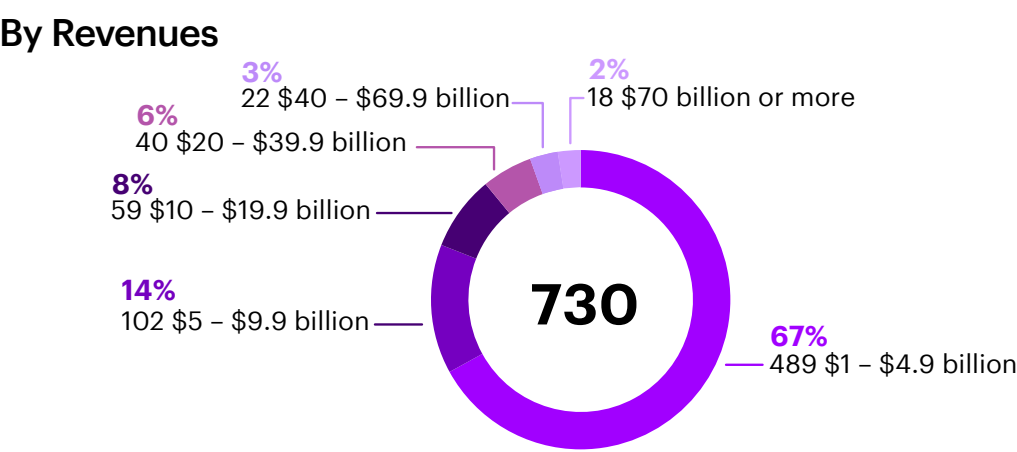
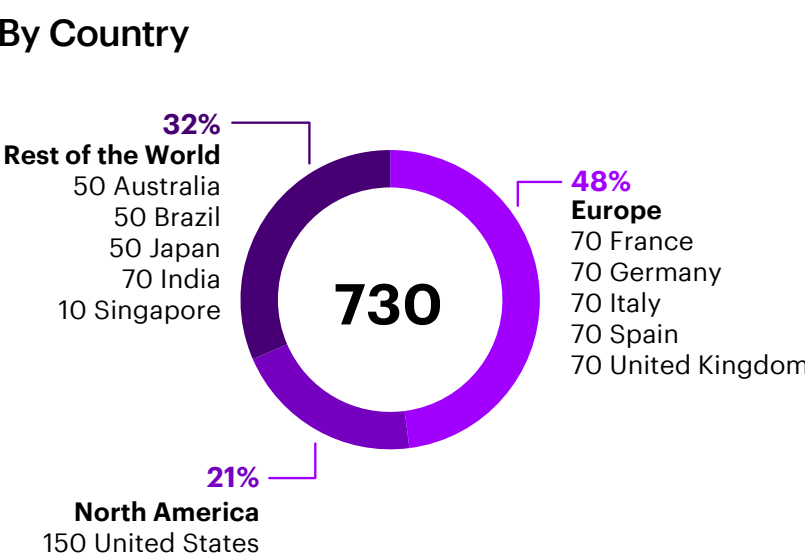
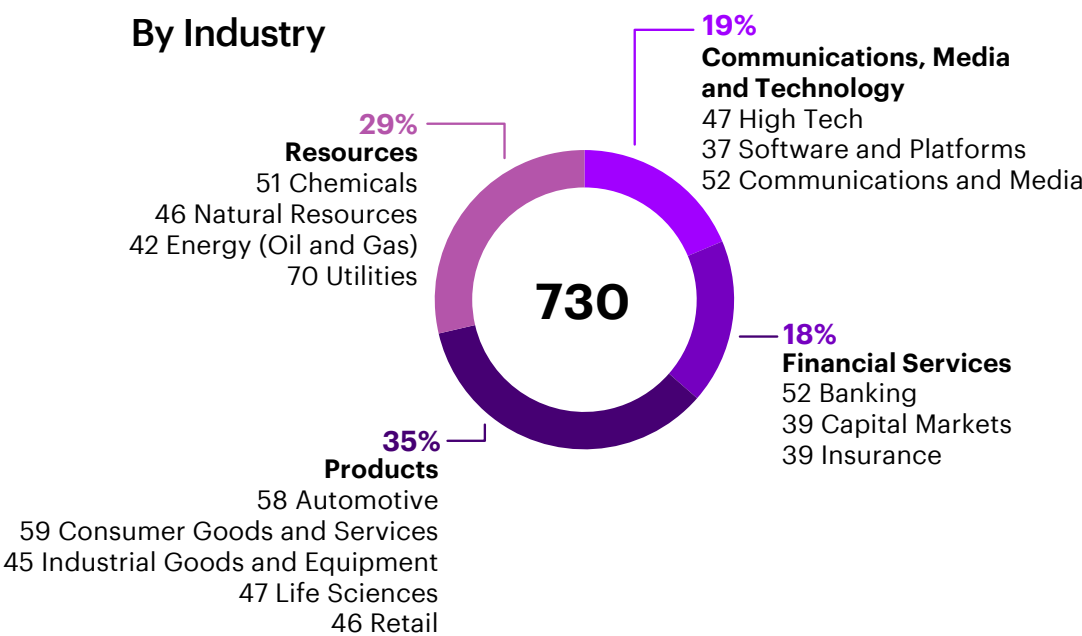
The findings in this report are based on a survey of 730 CFOs and senior finance executives from companies with more than \$1 billion in annual revenue across 11 countries and 15 industries.

The survey was conducted in May and June of 2023. To inform the questionnaire design and complement the survey results, we also completed 13 in-depth interviews with finance and sustainability executives across multiple countries and industries.

Based on the survey findings, we created an index to categorize companies’ ability to measure and manage their ESG performance. The index gauges nine capabilities across three areas: ESG measurement, ESG management and talent. We calculated an overall score by totaling the individual scores for each capability. The index also accounts for the number of capabilities where a company reaches the highest maturity level. Companies in the top 25% of the distribution for total score and with the highest

level of maturity in at least six capabilities are identified as having strong ESG measurement and management capabilities. Companies in the bottom 25% of the distribution for total score and with the highest level of maturity in one capability at most are identified as having weak ESG measurement and management capabilities. The remaining companies are identified as having a moderate level of ESG measurement and management capabilities.

Sample composition



Due to rounding, figures may not total 100%.

About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent- and innovation-led company with approximately 743,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology and leadership in cloud, data and AI with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients reinvent and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

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