

How Teams Can Tackle the Two Biggest ESG Challenges Head On

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Environmental, social, and governance (ESG) is growing rapidly in relevance for those in the U.S. While some teams may know of its value, they may not have standards in place at the same level of their other reporting.

That's why Steve Soter and Mandi McReynolds of Workiva discussed **How Innovation will Unlock Authentic ESG and Stakeholder Capitalism** during The Economist's Sustainability Week. During their session, they addressed two major challenges related to ESG:

Challenge number 1: Trustworthy ESG reporting

Any data can be misconstrued when taken out of context. That's why it's important for clients and investors to have the full data story from continuous ESG reporting they can trust.

"Real-time progress is the goal, rather than crushing this perfected, annual goal that happens each year," Steve said. "It's about an authentic journey that allows all your

stakeholders to see your transformation in real time.”

And those stakeholders are making their voices heard—especially on the investor side. **Workiva conducted a wide-ranging survey** of individual investors in the U.S., U.K., Germany, and France to learn exactly how ESG is impacting investment decisions. Over half of surveyed investors feel strongly their moral beliefs must align with the company before they're willing to invest, but about the same percentage actually find it difficult to judge or even trust a company's actions and what they say when it comes to environmental and social metrics.

These trends were even more pronounced for the emerging investor group of 18- to 34-year-olds. In addition, 64% of respondents across all markets agree that ordinary investors should put pressure on companies to be more transparent, implying these investors aren't just looking for general information—they're looking for the data that demonstrates progress towards the ESG values that are important to them.

“This sentiment is only going to intensify in the future. Trust in ESG data will become the make or break factor for the reputations of organizations,” Steve said. “Data connectivity is your ESG superpower that's going to drive competitive advantage today and tomorrow for your companies.”

Challenge number 2: Credible stakeholder input

Credible ESG conviction depends on two-way communication. While your stakeholders need trusted real-time outputs, you and your organization are going to need real-time stakeholder input for collecting, assessing, and reflecting on.

“Input simply can't be a once every few years exercise,” Soter said. “Stakeholder sentiment will change rapidly. You've got to be able to stay in sync with that to be effective.

“We believe this is going to be the foundation of stakeholder capitalism. The organizations who unlock two-way stakeholder connectivity will be unstoppable. We're seeing a great deal of change in these stakeholder inputs. They're going to change from qualitative or survey analysis to real-time results that we can see.”

Meeting ESG challenges head on

So what does it take to tackle these obstacles, especially in lieu of a current lack of universal standards when it comes to ESG reporting?

According to Steve, “The foundation of credible and authentic stakeholder capitalism is going to be data centralization. The only way to facilitate this feedback loop of rapid and

transparent outputs and the real-time stakeholder inputs is going to be through a centralized platform that enables inputs and outputs to come together so that ESG professionals can spend their time demonstrating the meaningful progress they're making rather than wading through a sea of data.”

That level of data centralization will require innovation. There’s too much at stake—especially when investors are involved—to try to manage all the sources of relevant ESG data manually.

Steve explained, “The innovation needed today is an end-to-end solution that takes multiple stakeholder inputs and puts them into this into **one trusted, transparent system** that is audit ready.”

Workiva offers an ESG reporting solution that can support sustainability and reporting teams who need to deliver ESG performance metrics to multiple stakeholders, while minimizing tedious manual data management of multiple inputs—such as tracking down information and copying and pasting between documents.

See how it works for yourself.

Schedule a demo now

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