View on Web

From Metrics to Mission- How ESG dashboards can drive sustainability

15th Jan,2024



How serious are companies in integrating sustainability into their core operations? ESG (Environment, Social and Governance) is an evocative rhetoric and companies have ostensibly pledged to build a greener planet. At the same time, allegations are swirling about greenwashing by some companies. To some critics, ESG is ‘woke capitalism’. The eccentric business leader Elon Musk has even referred to ESG as a scam. However, companies itching to build long-term value for their stakeholders, realize the importance of integrating ESG indicators- quantitative and qualitative, into their business models.

ESG reporting and compliance entails gleaning copious data from a multitude of sources. This process can get cumbersome unless we have specially designed, intuitive ESG dashboards. A company's ESG dashboard provides information on a variety of sustainability metrics, such as CO2 emissions, water usage, fatalities, etc., just like a car's dashboard displays speed and mileage real-time and alerts us when

engine oil or gas needs to be changed. In addition, the ESG dashboard can warn of environmental and social risks posing threats to the company's operations.



Why a firm and its stakeholders need ESG dashboard?

An ESG dashboard is an integrated data management and visualization tool. It helps your business to capture and manage all your ESG data in a single system of record and report with confidence knowing that your data is auditable and finance-grade. The dashboard allows organizations to report in alignment with external frameworks such as UN SDGs, European Sustainability and Reporting Standards (ESRS), Global Reporting Initiative (GRI) etc by consolidating questions from these frameworks into one platform in an easily exportable format.

ESG metrics play a crucial role in enabling investors and business leaders to make well-informed financial decisions that consider a broader range of factors. These metrics also empower employees and consumers to make informed choices regarding their preferred workplaces and where they allocate their financial resources. Moreover, ESG metrics assist governments in formulating and monitoring policies, compliance measures, and laws. **By incorporating ESG metrics into their decision-making processes, investors and business leaders gain a more comprehensive understanding of the potential risks and opportunities associated with their investments.**

ESG dashboards ideally provide two types of information: "inside out" and "outside in." The first perspective pertains to a company's environmental and social impact on both people and the planet. The second perspective focuses on the impact of people and the planet on the company itself, providing insights into its future profitability. This is typically described in terms of risks, vulnerabilities, and resilience. The utilization of ESG metrics in this dual manner, and the resulting dashboard, has given rise to a concept known as ‘double materiality’.



What are the internal benefits?

ESG dashboards serve as valuable tools for demonstrating to both internal and external stakeholders the tangible nature of a company's sustainability initiatives, ensuring they are not merely superficial attempts at greenwashing. In addition to their utility for investors, rating agencies, and other external entities, ESG dashboards offer numerous internal advantages that warrant their development and utilization within an organization.

Making company progress on sustainability transparent: ESG dashboards serve as valuable tools for elucidating and demonstrating to both internal and external stakeholders that a company's sustainability initiatives are tangible and not mere greenwashing, ambiguous commitments, or empty rhetoric. These dashboards provide a clear indication of whether the company is making progress towards its goals, thereby enhancing its legitimacy and credibility in the eyes of stakeholders. Moreover, the inclusion of verifiable Key Performance Indicators (KPIs) in the dashboard facilitates the company's ability to effectively address any legal challenges that may arise.

Having all the ESG data in one place makes the task of ESG reporting easier: There are numerous reporting frameworks, each with its own unique requirements. These frameworks include the GRI, Carbon Disclosure Project (CDP), Taskforce on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and others. Various stakeholders, such as investors, policy makers, NGOs, and regulators, depend on different disclosure frameworks. Therefore, it is crucial for companies to establish effective data collection mechanisms to ensure compliance with these requirements.

Fostering accountability and improving decision-making: The ESG dashboard plays a crucial role in promoting accountability among senior management and enhancing decision-making by showcasing the performance of sustainability initiatives across various issues, geographies, and departments. This tool enables managers to employ quantitative analysis, effectively demonstrating the efficacy of their sustainability strategy to employees, C-suite executives, and board members. Consequently, this valuable insight informs internal resource allocation and aids in making informed company decisions.

Allowing compensation schemes based on ESG performance: Linking ESG performance to variable compensation for employees is gaining popularity due to its ability to enhance motivation in incorporating sustainability into one's daily work routine and driving overall progress in sustainability.

Navigating the future of Sustainability

ESG dashboards play a crucial role in enabling companies to effectively navigate the complex realm of sustainability with clarity and purpose. As businesses genuinely align themselves with social, environmental, and governance causes, these dashboards offer a comprehensive overview of key metrics, fostering a more dependable and actionable approach to sustainability. By harnessing the power of these dashboards, companies not only fulfill ESG monitoring and compliance obligations but also actively contribute to the betterment of our planet. In doing so, sustainability becomes more than just a goal; it becomes a shared responsibility that we all bear. And let's not forget, ESG dashboards also make sustainability reporting a lot less tedious than deciphering ancient hieroglyphics. Who knew saving the planet could be so data-driven and compelling too?



AUTHOR:

Jayajit Dash

Senior Manager- Corporate Communications (Marketing)

© Copyright CSM Technologies, Level-6, E/56, Infocity, Chandrasekharpur, Bhubaneswar, Odisha - 751024