

5 steps to embedding sustainability in your business

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Across the world, brands have a significant influence over their internal and external stakeholders, giving them the power to drive real change. By embedding sustainability and jumping on the environmental, social and governance (ESG) wave, organisations can revolutionise the way of doing business. These companies will also become more resilient in the long run and reap benefits such as improved operations and performance, greater customer satisfaction, and better financial results.



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According to the [KPMG 2022 CEO Outlook Survey](#), 45% of CEOs globally agreed that ESG programmes improved financial performance - an increase from 37% the previous year.

However, businesses need to transform words into actions. A long-term sustainability framework requires looking at all the dimensions holistically. Therefore, it becomes imperative to seed practices in an organisation's sustainable programme and creates a successful ESG strategy.

Incorporating ESG as a part of the larger company strategy

The first step for a company in achieving full sustainability potential for improving the operational performance of an organisation is to integrate necessary sustainability goals with overall business goals, especially those for setting and delivering financial KPIs. The same CEO Outlook Survey also revealed that only about 8% of South African CEOs have invested money towards adopting a more transparent approach when it comes to ESG reporting.

Businesses must examine both their corporate and sustainability strategies to see how closely they align and reinforce one another. The strategies can also be put under stress using a variety of criteria, such as peer comparison and competitive pressures, stakeholder expectations for the present and the future, and the overall operating environment. In the future, a business can make use of this knowledge to elevate and integrate sustainability into its strategy and operations.

However, to smoothly execute a sustainability strategy, it's necessary to onboard experts who are aware of emerging environmental and social trends, and the risks and opportunities they create for business. Organisations worldwide, including Fortune 500 companies, have created positions such as chief sustainability officers or directors to ensure their sustainability objectives are met.



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Tapping the S and G in ESG

For good reasons, businesses from all sectors are focusing on the "E" aspect of the ESG requirement. Both big and small businesses are expressing their dedication to, among other environmental ideals, renewable energy infrastructure, and lowering carbon footprints. However, they must not disregard the social and governing values, which are equally important and many times the focus of international regulators.

Companies that ignore challenges with diversity, equity, and inclusion (DEI), data privacy, compliance and human capital may put themselves in serious financial, reputational, and other legal danger. According to data recorded in *The Wall Street Journal*, shareholders and customers are exerting pressure on businesses to address "S" and "G" issues, such as the diversity — or lack thereof — on their boards of directors.

Involve employees in your ESG strategy

Greater employee engagement is a natural outcome of companies adopting their ESG strategy by integrating it into the foundation and culture of their business. ESG strategies have proven to improve financial status even though they come with an upfront cost like any investment. It has been demonstrated that involving employees in sustainability-related issues over and above the conventional CSR/philanthropy departments can improve a business's competitive edge, financial performance, and brand reputation.

Getting employees to actively participate in building the organisation's sustainability impact outside of these typical silos helps them see that their efforts are benefiting not just their work and organisation but the society and planet as well. This leads to a boost in morale which in turn creates high performance leading to a business edge and a positive brand reputation.



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Encouraging transparency

Being open and honest is essential for many reasons, not the least of which is that it protects your company against

charges of greenwashing. Being honest about both your positive and, more crucially, your negative impacts will help you avoid criticism from others by demonstrating your grasp of the areas where your business needs to develop and advance sustainably.

Prioritising ESG efforts

Businesses can better handle sustainability challenges if they concentrate on each issue that the company wishes to prioritise (for example, green hydrogen or its subtopic, operational decarbonisation). Companies should use processes like materiality assessments to determine the list of sustainability topics that are important to the firm and its stakeholders to do this effectively.

A business must concentrate its efforts on the most important problems after the top ESG risks and strategic opportunities have been identified. From the perspective of the board, this will comprise two significant categories: goal formulation, ESG governance and communication. ESG objectives frequently have time horizons that are longer than those of the current leadership team. Since executives come and go, we must underline the importance of institutionalising ESG oversight. However, specific activities should be actioned within the duration of the existing executive team so that individual leaders can get the ESG ball rolling and help the company achieve its larger, long-term ESG goals.

A successful ESG framework aims to make an organisation future-ready and future-proof. One must take into account the need of all stakeholders and deliver on all pillars within the framework through a holistic approach.

To sum up, an integrated future is one in which businesses prioritise sustainability challenges alongside financial gains in their overarching corporate strategy and reporting. Every decision will consider environmental, social, and economical values in relevant and meaningful ways. This is how we can work towards a sustainable future.

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