

Survey of ESG leaders' growing role 1/19/22



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Today's reality shows that environmental, social and governance (ESG) matters are becoming central to new corporate strategies, increasing the importance of the role ESG leaders and experts play in organisations and their governance structure. A modern ESG leader not only has to understand the interaction between the various ESG matters and their impact on the company's lines of business but must also be able to integrate ESG in the company's operations, inspiring the other staff to action. PwC's latest survey "Empowered Chief Sustainability Officers" offers insights into how the role of an ESG leader has evolved over time and how ESG leaders can make a tangible difference in their companies by combining the various ESG aspects with the company's operations, thereby helping the company transform and undertake more sustainable operations. A key finding of the survey is that organisations whose governance structure has a clearly defined role of the ESG leader are able to achieve higher indicators in sustainability areas.

Rules set to tighten

The global push for climate neutrality means increasingly tighter regulatory requirements, so organisations will have to put in some serious work in reducing their emissions, improving their reporting on the various ESG areas, and stating their results and future goals. To respond to these new requirements, the role of ESG leaders in organisations will take on an increasing significance because someone will have to coordinate and oversee these processes to set priorities and take measures that can achieve the best outcomes. The number of newly appointed ESG leaders in 2021 was three times as high as in 2020. This upward trend started in 2018, when issues such as climate change and race and gender equality began to influence decisions made by investors and CEOs. The pandemic, too, helped this trend progress, as organisations began to become increasingly aware of challenges they are about to face in the future, including changes the transition to more sustainable business brings with it.

ESG leaders and their role

The role of ESG leaders is evolving because of the current transition from simple reporting, or ensuring compliance, to a future where ESG aspects are essentially integrated in companies' business and influence their decisions. ESG experts have to be able to build lasting relationships and collaborations in their company, as their day-to-day work sees them dealing with nearly all departments, and these experts must have a complete understanding of what is going on in those departments and what their role is in the process of transformation to more sustainable business.

The survey finds that the ESG leader has to be working closely with the company's top management team because this creates more opportunities to influence the company's strategies and operations in a way that provides value to the business and its stakeholders. Also, the ESG leader's task is to promote staff awareness of sustainability and to share knowledge of sustainability challenges and possible solutions in the company.

The survey also looks at the professional skills and competencies ESG leaders need. With ESG becoming a

central part of any business strategy, ESG leaders require a wider range of skills to lead this transition. Firstly, they need a deep understanding of business, especially how sustainability and profitability interact with and complement each other. Secondly, ESG leaders need a knowledge of sustainable practice in their particular industry. An expert of this kind is hard to find, so organisations will have to decide how to best tackle this problem and how to integrate the ESG leader in their governance structure.

The ESG leader aims to inspire and encourage the rest of the company to become more sustainable. The ESG leader's role will continue to grow over the coming years because we still have a very long way to go towards integrating ESG in each business decision.

Read more about the findings of the survey [here](#).