The corporate sustainability trifecta: Ambitious targets, transparency, and a focus on data

By Joshua Parker

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In an era where sustainability and corporate social responsibility are crucial, corporations often fall short when delivering on promises to consumers. As a result, corporate accountability for genuine, sustainable action could be a huge driver behind an evolution in environmental, social, and corporate governance (ESG) related standards in 2022.

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In my experience leading sustainability initiatives, I have seen three key factors that support a successful, actionable sustainability strategy: impactful targets, credible transparency, and data-centred strategy. Together, these practices create a corporate sustainability trifecta.

Getting started: Impactful targets

It's not always necessary to "start small", as conventional wisdom suggests. When it comes to developing corporate sustainability initiatives, companies need to think big, especially when potential impacts are significant. To drive real impact, setting bold targets closely tied to a company's footprint and strategy can be an incredible catalyst for progress.

Goals can, however, be too ambitious. Companies that set unachievable targets may benefit from positive short-term attention, but failure to achieve those targets can erode trust and cause long-lasting reputational damage. Striking the right balance between bold commitments and fantastical targets is the trick, and this requires thorough research and analysis.

Success starts with corporate transparency

Most organisations don't need to be persuaded to publicise their sustainability progress, given the increasingly clear reputational value associated with sustainability. A much more common mistake is to go to the other extreme, making much ado about relatively minor achievements.

As Ronald Coase said, "If you torture data long enough, it will confess to anything," and ESG data is no exception. Trust can be notoriously difficult to regain once lost, and a company with a negative reputation for sustainability will face more and more challenges.

Credible transparency, however, is critical to maximising the effectiveness of a corporate sustainability programme. The maxim that "what gets measured, gets managed" is especially true here, since public disclosure of ESG data — whether voluntary or mandated — raises the stakes for demonstrating progress. Accountability often follows close upon the heels of transparency, as stakeholders from employees to shareholders to customers review the data, recognise gaps and apply positive pressure for improvements.

Transparency can only go so far without a common language. If one company focuses on its advanced water reclamation efforts and another on its ethical treatment of workers, how can we compare their performance on sustainability more generally? The introduction of standardised reporting frameworks like GRI, SASB and TCFD was a step in the right direction, offering some consistency in disclosure, at least amongst companies who chose to follow them. Current efforts to consolidate those frameworks could advance accountability even further by increasing the consistency and comparability of companies' datasets.

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Data is king: Data-centric sustainability

Companies just getting started in sustainability may be tempted to jump on any bandwagon they see, trusting that what other companies are doing is a reliable model for their own programmes. Although benchmarking data might properly influence a strategy, a company founding its strategy on such data can end up mis-investing in low-impact and low-value projects. Copying another company's strategy is akin to eavesdropping on someone else's diagnosis at a doctor's office in the hopes of finding a cure for your own disease. Following that path is unlikely to be helpful and might even do more harm than good.

Even within industries, the corporate footprint of companies can vary significantly. One company might have operations concentrated in Singapore, while another has more employees in India. One might have customers with aggressive climate goals, while another's customers are more keenly focused on protection of human rights in its supply chain. One company might have a diverse workforce thanks to a longstanding inclusive culture, while another does not.

These factors and more can suggest wildly different priorities for sustainability, and the best way to cut through that ambiguity is to take a company-specific, data-centric approach to setting a sustainability strategy. Materiality assessments, for example, can be more than processes to determine what to include in a GRI-aligned sustainability report — they can be powerful tools for collecting actionable data and building consensus around sustainability.

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A continuous process

Ultimately, operating sustainably requires constant evaluation and adaptation as the world evolves and we make focused progress. But constant guiding principles, including the sustainability trifecta of impactful targets, credible transparency and data-centric strategy, should guide that change, channelling it in the direction of impact and value.

As we marry our passion for sustainability with a methodical approach to programme management, we unlock our full potential to do exactly what we're all working towards: sustaining people and planet, day after day.

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