



# How to measure ESG

ESG & Sustainability Transformation

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ESG Transformation



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ESG touches many parts of business operations such as supply chains, hiring practices, and facilities management so it's important to have a planned approach to understand, plan, and implement ESG activities.

There are two main stages to successfully implementing an ESG strategy: measuring and then deploying.

This guide focuses on measuring and setting goals.

The first stage is to find out what your organisation does, and where it falls short and set some targets in the areas where you want to improve.

## 1. Decide what to measure and what to focus on

Decide what the priority areas are for your organisation.

These may be priorities based on customer or investor interests or due to regulatory developments that may affect your business.

If you aren't sure, consider surveying employees and customers to find out what they think about your business concerning ESG areas and what they may be concerned about as a starting point.

Different areas of ESG can involve different types of measurement, for example:

- Environmental – waste management, transportation and business miles, energy usage and carbon emissions.
- Social – employee wellbeing, diversity and inclusivity practices, and local community engagement.
- Governance – transparency about pay and gender gaps, accurate financial reporting, and transparent decision-making.

Think about what you should measure and how you'll measure it, such as reviewing documents or benchmarking against similar businesses.

## 2. Gather information

A good place to start is to gather together information and data related to the area you want to measure.

For example, you can use the carbon footprint calculator [How to measure your carbon footprint](#) to gauge your organisation's carbon emissions or map pay bands to workforce demographics.

You could also review existing policies and processes, such as how much waste is recycled, and identify any relevant metrics and key performance indicators (KPIs) that are already used.

The aim is to create a baseline for your business and learn what it does now as the basis for improvement in the future.



### 3. Interview stakeholders

Identify key stakeholders involved with aspects of the ESG strategy you want to develop.

These may be employees such as HR or facilities managers, or other stakeholders such as suppliers or local community representatives.

Interviews can be used to get more insights into the data you collected in the previous step, and you can create surveys using free services such as Google Forms, conduct 1-21 interviews, or run focus groups.

Some businesses use services that benchmark the organisation against similar-sized companies or sectors which can be helpful in understanding if your business is underperforming in areas such as diversity at leadership level, for example.

### 4. Review the data

Once you've conducted interviews and gathered data, spend time analysing it to set a baseline for each area of ESG that you are focusing on.

There are three areas existing data can help with:

- Setting a baseline – use the data to create a snapshot of how your business is today, such as its existing carbon footprint.
- Spotting gaps – data can be used to spot any knowledge gaps, such as details about community projects that need following-up.
- Identifying pockets of activity – some teams may be running ESG programmes that are worth rolling out organisation-wide.

Once you've reviewed the data, create a dashboard, chart, or matrix listing the KPIs you'll use to assess how effective any changes are.

### 5. Create goals and objectives

With a good understanding of how your business measures up against the ESG areas you are tackling, you can use the KPIs to set goals.

Keep any goals SMART – specific, measurable, achievable, realistic, and timely, set realistic goals that will have an impact, and set a deadline to achieve them.

You can also cluster goals into two types: maintain and improve.

- Maintain – these are areas of your business that are doing well, such as meeting GDPR requirements or having a diverse and inclusive workforce. You won't need to invest as much resource into keeping these KPIs positive. They can be great examples to share with customers, investors, and employees about areas where your business is performing well.
- Improve – these are areas of your business where your KPIs are lower than you'd like. These could be GHG emissions or a lack of engagement in the local community. These are areas where you may wish to invest more resources, measure more frequently, and set more ambitious goals for change.

Once you have assessed, measured, and set goals for your ESG strategy you can develop a programme of ESG activities to deploy across your business.



## ESG frameworks

Some of the most commonly used ESG frameworks and standards include:

- Global Reporting Initiative (GRI)
- Carbon Disclosure Project (CDP)
- Climate Disclosure Standards Board (CDSB)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Principles for Responsible Investment (PRI)
- World Economic Forum (WEF) Stakeholder Capitalism Metrics

To learn more about ESG and sustainability-related models, don't hesitate to contact [YTT Consulting!](#)

