2023 ESG Maturity Benchmarking Report

Accelerating ESG Transformation

AUDITBOARD

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Rising to the ESG Challenge: Accelerating Effort, Minimizing Risk

In a business landscape increasingly attuned to sustainability-focused stakeholders, consumer demands, and international regulations, **companies are taking charge of their environmental, social, and governance (ESG) initiatives.**

Voluntary disclosure efforts reveal that many businesses are concerned with ESG optics: an astonishing 96% of the S&P 500 self-published sustainability reports in 2021, according to the Governance and Accountability Institute. **Concurrently, while the SEC's proposed climate disclosure rules* remain open to public comment as of August 2023, many anticipate they will be formalized by year's end** — and have already begun embracing them in response to mounting pressure. These examples highlight the increasing power that effective ESG risk management has to shape a company's financial standing and reputation.

*The SEC's proposed new rule amendments would require listed companies to disclose climate-related information in their registration statements and periodic reports, such as on Form 10-K, including:

- Risks that are "**reasonably likely to have a material impact** on their business, results of operations, or financial condition."
- Data on the business's **direct greenhouse gas (GHG) emissions (Scope 1)** and **indirect emissions** from purchased electricity or other forms of energy **(Scope 2)**.
- Certain types of **GHG emissions from upstream and downstream activities** in a business's value chain **(Scope 3)**.

Despite growing demand from investors and stakeholders for commitment to ESG, **many organizations face obstacles when it comes to ensuring they are accurately capturing and reporting ESG data and developing effective ESG risk management practices**. These challenges largely arise from 1) limited resources and infrastructure to support ESG data and metrics tracking and verification, and 2) the difficulty of navigating the confusing universe of ESG standard-setting organizations.

In AuditBoard's inaugural *ESG Maturity Benchmarking Report: Accelerating ESG Transformation*, we sought to explore the state of ESG maturity in 2023. To help businesses seeking to mature their ESG efforts and practices, **we've broken ESG down into four fundamental areas of competency in order to assess the maturity of an organization's ESG program:**

ESG Areas of Competency

1. Investment and processes
2. Breadth and depth
3. Reporting and disclosures
4. Governance and controls

Using these areas of competency, AuditBoard developed an ESG maturity scale, which informed our *2023 ESG Maturity Benchmarking Report survey*. This survey was conducted from April–June 2023 with over 200 audit, risk, and compliance professionals involved in ESG management at their organizations.

In Part One of the ***2023 ESG Maturity Benchmarking Report: Accelerating ESG Transformation***, we will dive into survey findings illuminating how organizations are managing their ESG programs today. In Part Two, we will discuss steps organizations can take to develop ESG processes and advance their overall ESG maturity.

Survey Demographics

Over 73% of our respondents were from medium (1,000-10,000 employees) to large (over 10,000 employees) size companies. 74% were at public companies. 55% of our respondents held positions in Internal Audit, and 21% held roles in ESG, Sustainability, or Corporate Social functions. Sample titles of our respondents included: VP, Corporate Sustainability, SVP Internal Audit & ERM, Global Director, ESG, Director of Risk Management, Sr. Manager, Financial Compliance.

ESG Maturity Model

(Figure 1)

1 Fundamental

Addresses ESG compliance and provides data on an as-needed basis.

2 Efficient

Implements defined, managed processes for ESG and is proactive with reporting and disclosures.

3 Strategic

Views ESG as a key to competitive differentiation and includes ESG strategies across the organization.

4 Groundbreaking

Sets the standard for ESG program management with new innovations, commitments, and sets best practices for peers.

2023 ESG Maturity Assessment Results

(Figure 2)

Area of Competency		Fundamental	Efficient	Strategic	Groundbreaking
	Investment & Processes What investments has your organization made in ESG headcount, processes and technology?	17%	18%	33%	32%
	Breadth & Depth How is your organization engaging stakeholders, determining materiality and covering environmental, social and governance topics?	38%	18%	34%	10%
	Reporting & Disclosures What public reports, disclosures, commitments and ratings has your organization published?	50%	40%	10%	0%
	Governance & Controls How does your organization manage compliance, audits, and data governance?	40%	21%	20%	19%

Top Takeaways From the 2023 ESG Maturity Benchmarking Report: Accelerating ESG Transformation

1. Of the four areas of ESG competency, survey respondents displayed the most mature scores in Investment & Processes.
2. The most tracked topics in each ESG category were: Climate change and carbon emissions (Environmental, 61%), Gender and diversity (Social, 64%), and Board composition (Governance, 54%).
3. Of the four areas of ESG competency, survey respondents displayed the lowest maturity in Reporting & Disclosures.
4. ESG is not included as part of ERM in a strategic way in many organizations.
5. The majority of respondents have little to no governance or oversight over their ESG programs today. Two-thirds of our survey respondents have not implemented ESG controls.

Of the four areas of ESG competency, survey respondents displayed the most **mature** scores in **Investment & Processes**.

65%

of organizations demonstrated **Strategic** or **Groundbreaking maturity**

86%

of our respondents report having an **ESG headcount**

Of the four areas of ESG competency, survey respondents displayed the **least mature** scores in **Reporting & Disclosures**.

50%

of organizations demonstrated **Fundamental maturity**

0%

of organizations demonstrated **Groundbreaking maturity**

ESG is **not** being included as part of ERM in a strategic way in many organizations.

40%

of organizations **don't include ESG risks in ERM strategy**

35%

of organizations **have not performed a materiality assessment**

Part One: *Key Findings From the 2023 ESG Maturity Benchmarking Report*

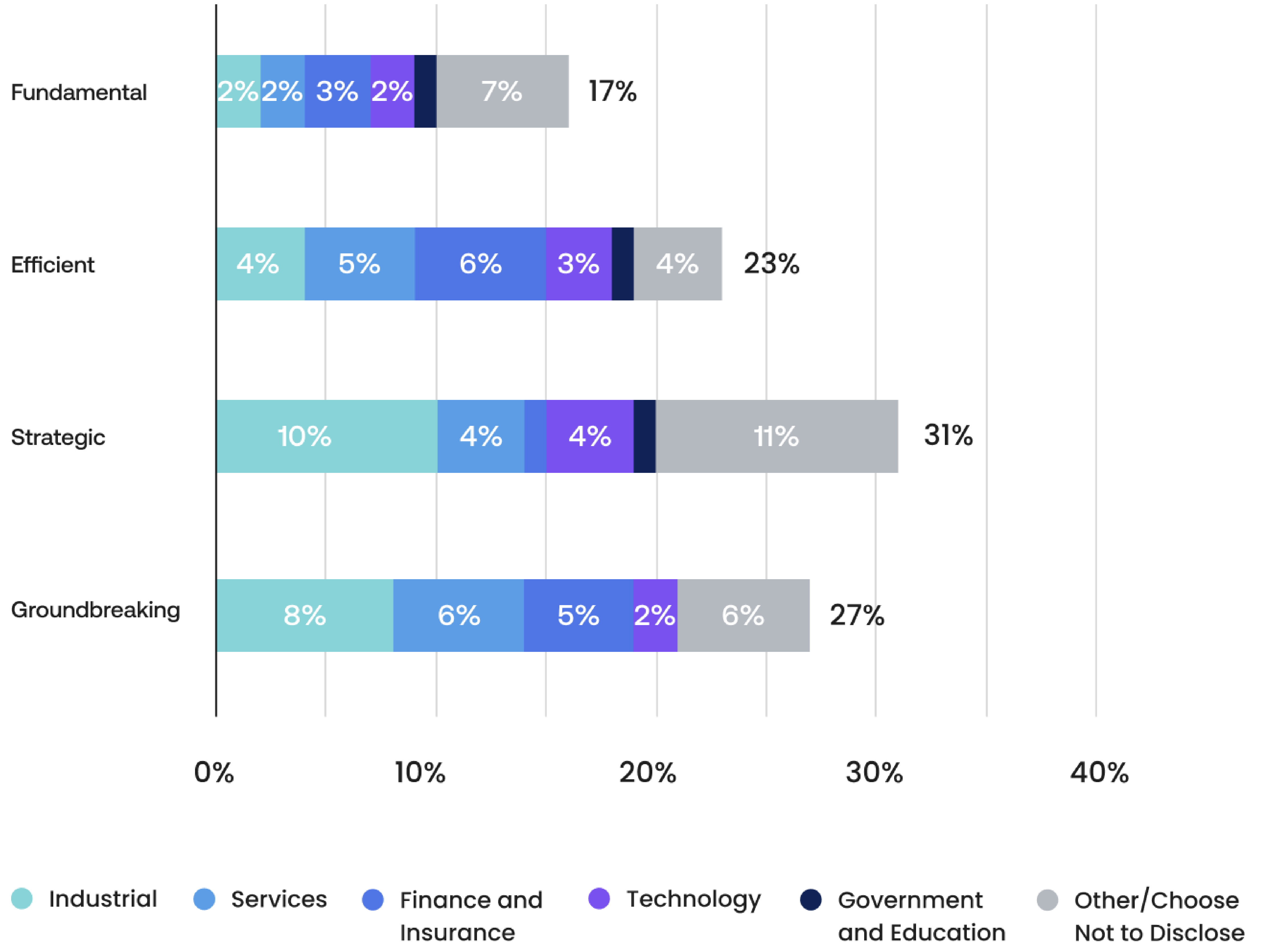
Takeaway #1: Of the four areas of ESG competency, survey respondents displayed the most mature scores in "Investment & Processes."

65% of our respondents scored in the Strategic (33%) and Groundbreaking (32%) tiers for ESG Investment and Processes. Respondents in these tiers who disclosed their industry were predominantly represented by the Industrial and Finance & Insurance sectors, which reflects the heavily regulated nature of both industries.

Most companies' initial ESG efforts begin with allocating headcount and budget toward ESG. **86% of our respondents report having an ESG headcount.[1] Of this 86%:**

- **61% have a dedicated ESG team or committee** with representatives from audit, compliance, legal, and/or risk.
- **10% report their ESG headcount sits within the audit, risk, or compliance team** in their organization.[2]

ESG Investments & Process (Figure 3)



[1]**Question:** Who is responsible for ESG at your organization?
Base: 209.
Answer Options: We have a dedicated sustainability/ESG team; We have a dedicated headcount that is part of another team; We have an ESG committee with representatives from different departments; We don't have a designated person/team for ESG.

[2]**Question:** Which team or group is responsible for ESG at your organization?
Base: 209.
Answer Options: We don't have a designated person/team for ESG; Dedicated sustainability/ESG team; An ESG committee with reps from different departments; Audit, Risk, or Compliance; Legal; HR; Other

Despite these positive headcount numbers, there is significant room for growth beyond ESG titles and department optics. While a dedicated headcount demonstrates most organizations are taking action, their commitment to budget and resources leaves significant room for improvement.

46% of our respondents reported that there is no dedicated budget allocated for ESG. Among those with an ESG budget, **only 9% have a budget allocated for ESG technology.**[3] Increased budget for ESG resources and technology depends on leadership sponsorship, which may experience a surge when the SEC's proposed rule amendments become formalized.

Takeaway #2: The most tracked topics in each ESG category were: Climate change and carbon emissions (Environmental, 61%)[4], Gender and diversity (Social, 64%)[5], and Board composition (Governance, 54%)[6].

Depending on their industry and geographic region, **businesses tracked a wide range of ESG topics**, highlighting that **ESG is not a one-size-fits-all risk category**. For example: Industrial organizations represent a large portion of our survey respondents who report tracking water scarcity, while Government & Education respondents tracked fewer overall topics than other sectors across all categories. **This indicates that individual businesses must cater their ESG responses to the risks specific to their business** — which is why performing a materiality assessment is crucial to effective ESG risk management.

Smaller organizations (less than 1,000 employees) tend to track **climate change & carbon emissions** (Environmental), **human rights, customer satisfaction, data protection/privacy** (Social), and **executive compensation** (Governance). **This indicates that these may be areas where many organizations begin their ESG initiatives.**

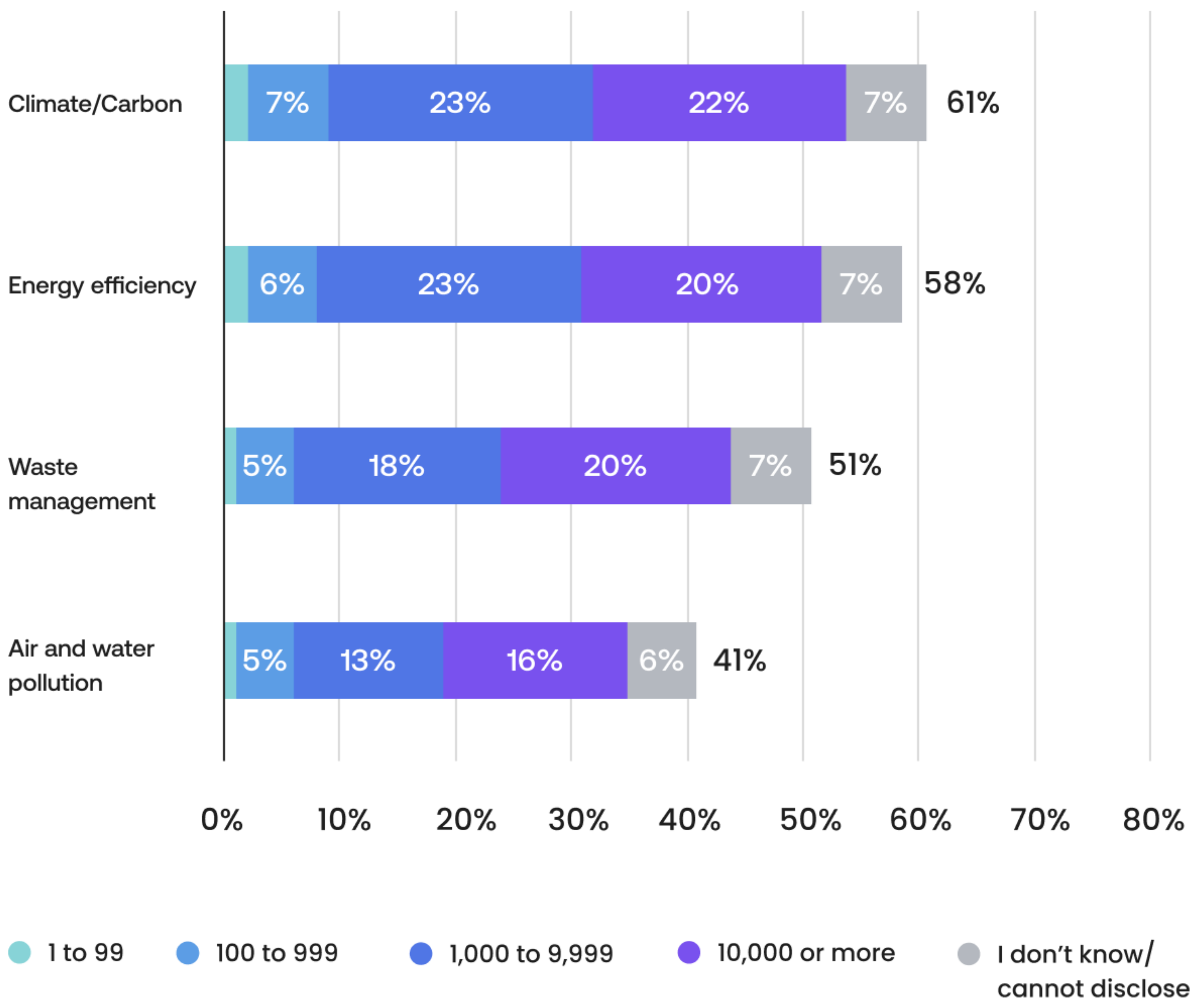
[3]**Question:** Has any budget been allocated to grow your ESG program?
Base: 209.
Answer Options: No, a dedicated budget has yet to be allocated for ESG; Yes, we have a headcount budget allocated; Yes, we have a technology budget allocated; Yes, we have both headcount and technology budget allocated.

[4]**Question:** What environmental topics does your organization track?
Base: 208.
Answer Options: None; Climate/Carbon; Air and water pollution; Biodiversity; Deforestation; Energy efficiency; Waste management; Water scarcity; Other.

[5]**Question:** What social topics does your organization track?
Base: 208.
Answer Options: None; Customer satisfaction; Data protection and privacy; Gender and diversity; Employee engagement; Community relations; Human rights; Labor standards; Other.

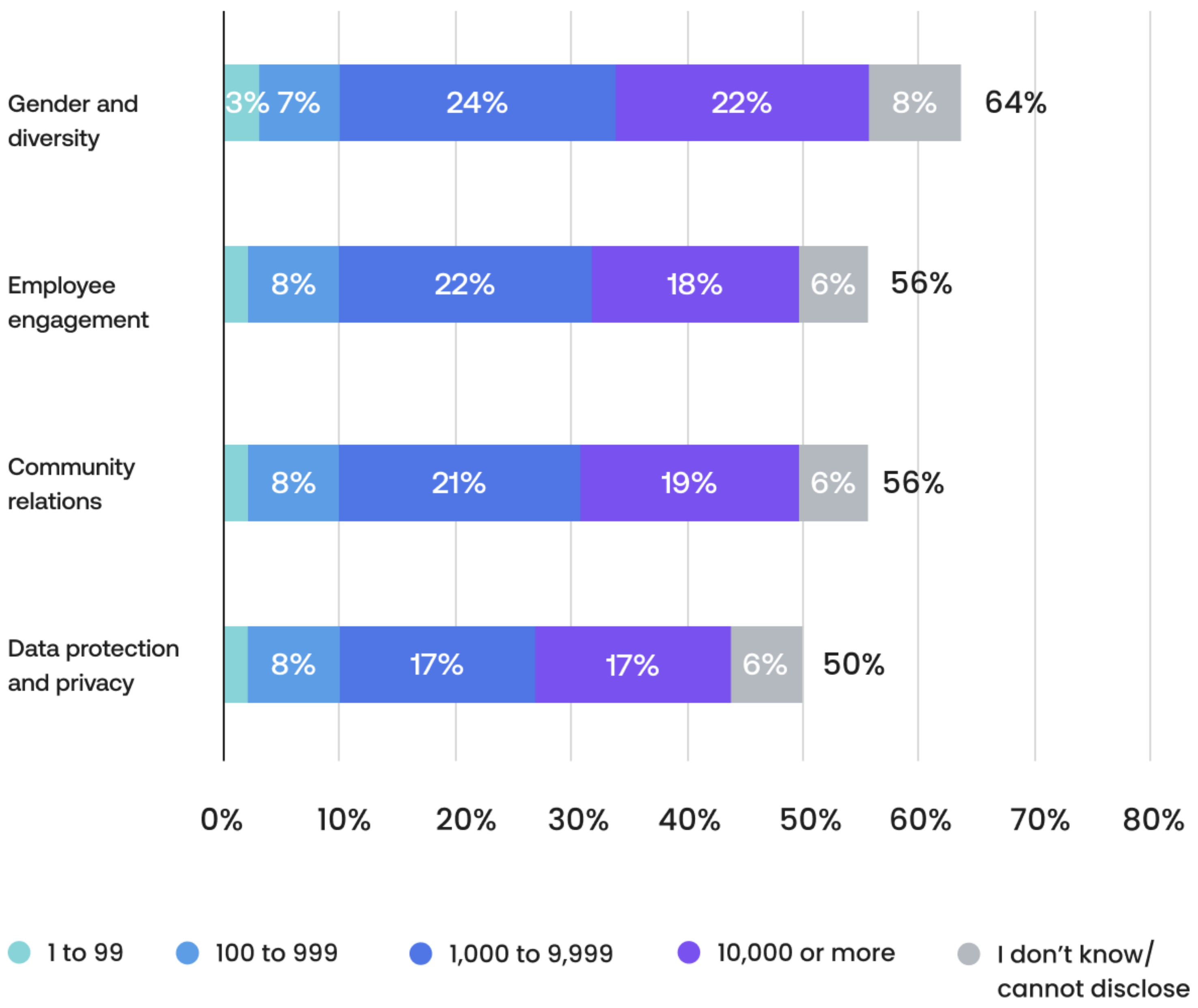
[6]**Question:** What governance topics does your organization track?
Base: 208.
Answer Options: Board composition; Audit committee structure; Bribery and corruption; Executive compensation; Lobbying; Political contributions; Whistleblower schemes; Other.

Top Four Environmental Topics Tracked



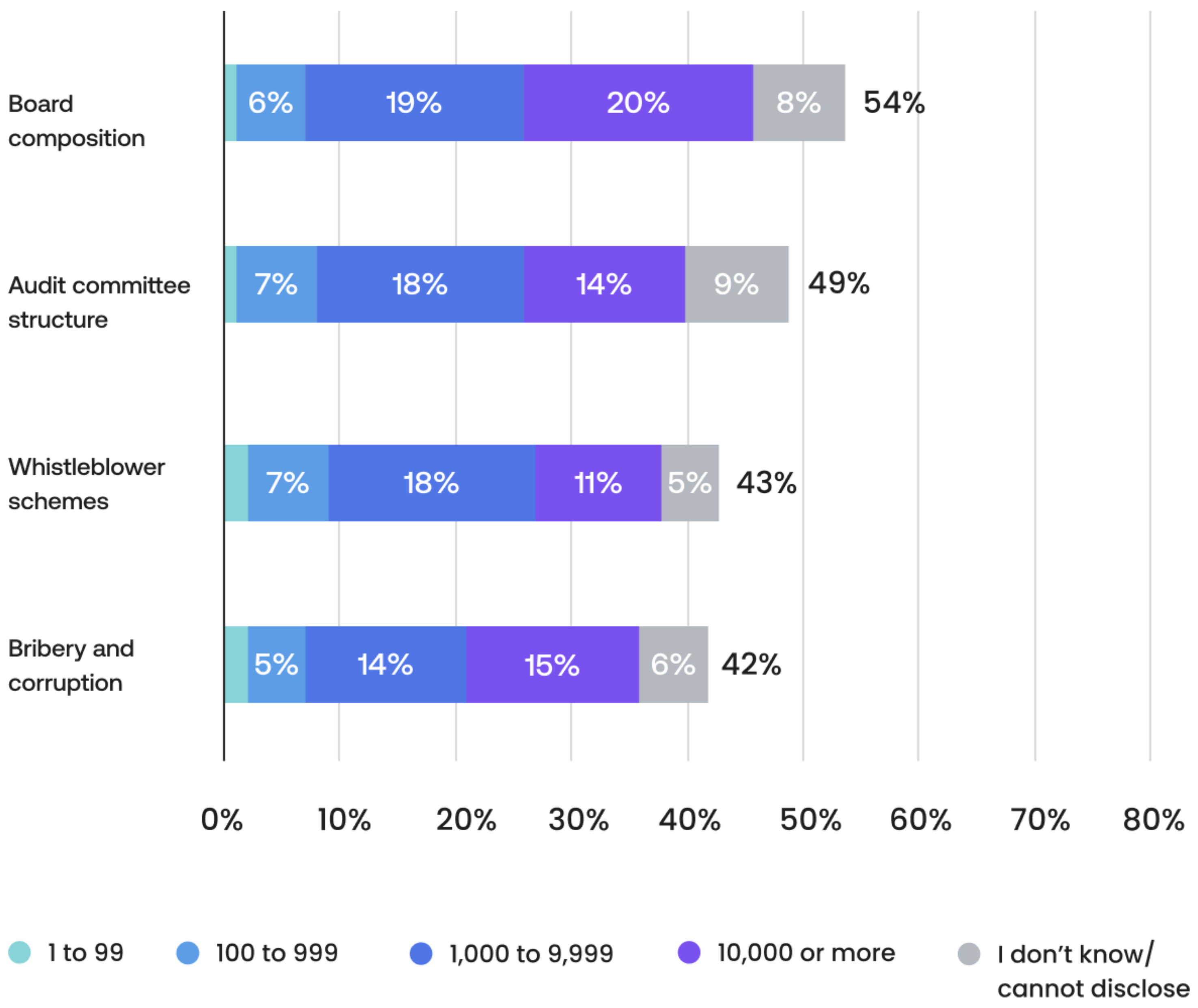
(Figure 4)

Top Four Social Topics Tracked



(Figure 5)

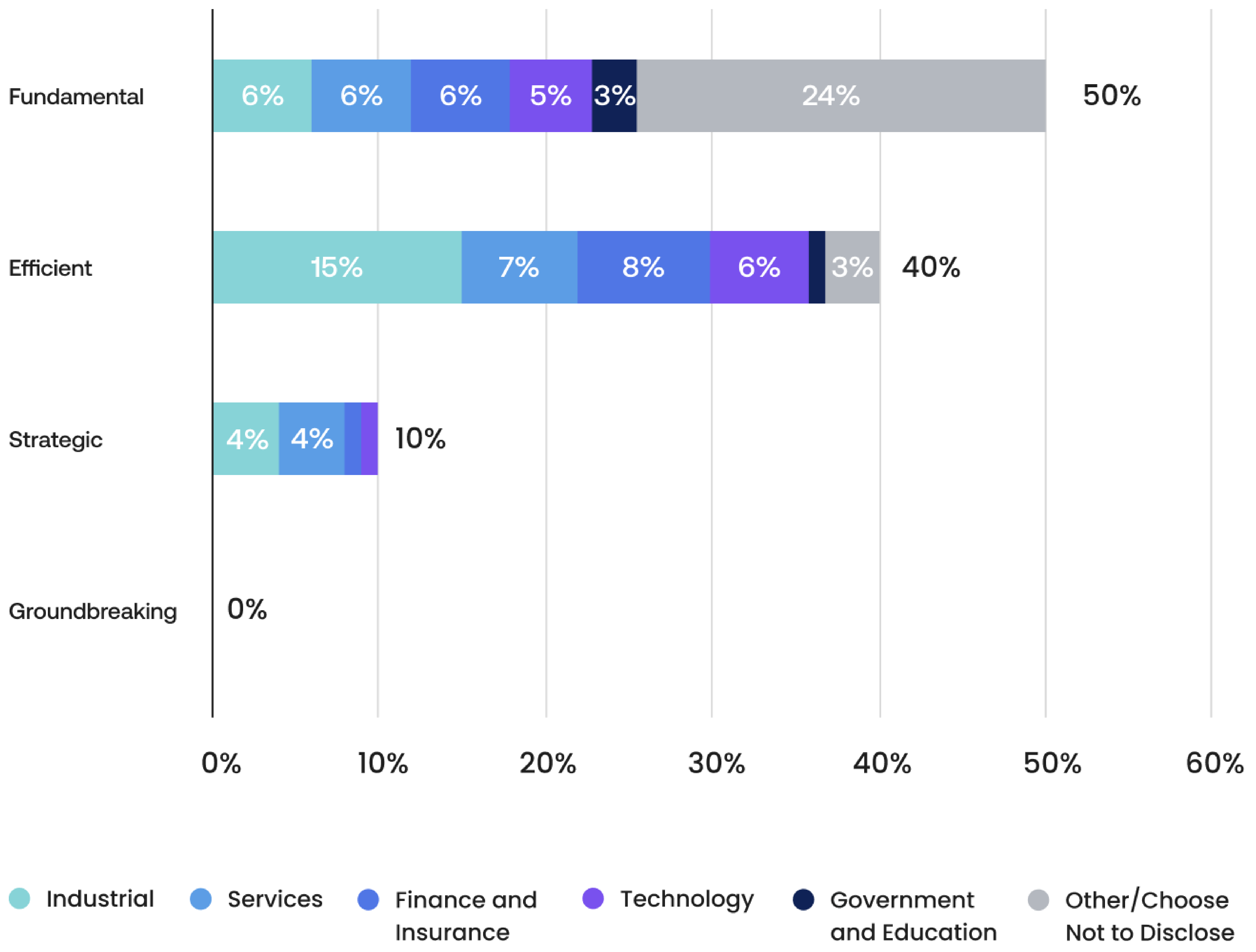
Top Four Governance Topics Tracked



(Figure 6)

ESG Reporting & Disclosures

(Figure 7)



Takeaway #3: In Reporting and Disclosures, half of respondents scored in the lowest "Fundamental" level of maturity, only 10% demonstrated Strategic maturity, and none scored in the Groundbreaking category — the highest level of maturity.

These low maturity scores in Reporting and Disclosures indicate room for improvement in ESG data verification and reporting practices.

64% of respondents reported that their organizations have published a sustainability report,[7] and nearly 70% have made ESG disclosures or public commitments.[8] While the annual sustainability report is a positive output, it should not be the only focus of your ESG program – especially as more compliance requirements arrive. In particular, **businesses that publish reports and disclosures must take great care to ensure their ESG data is accurate and reliable**. Reporting inaccurate ESG data or worse, greenwashing — purposefully making false or misleading claims about the environmental benefits of a business, product, or practice — **can lead to reputational damage when exposed, and is never worth the risk.**

[7]**Question:** Has your organization published a sustainability report?
Base: 160.
Answer Options: Yes; No, but we plan to in the next year; No, and we do not plan to in the next year.

[8]**Question:** Has your organization made any public commitments or disclosures aligning to the following? (select all that apply)
Base: 160.
Answer Options: Not applicable; Net-zero carbon emissions; Science-Based Targets Initiative; Carbon footprint reduction; Water usage reduction; Increase in minorities in your workforce; Volunteer hours logged by employees; Monetary pledges; Other (please specify).

The rising prevalence of greenwashing emphasizes the need to have strong ESG data verification mechanisms in place. As regulatory requirements become more standardized, not only will companies need to report more extensively on ESG climate-related risks, they will also need to take extra steps to perform assurance on certain disclosed data and metrics. As it stands currently:

- **Nearly 24% of respondents don't collect any evidence to support their ESG metrics**, while 42% collect evidence — but only for a portion of ESG metrics.[9]
- **90% of our respondents rated in the bottom half of maturity levels in reporting and disclosures, and 0% scored in the Groundbreaking category** — representing significant room for growth and improvement.

Making accurate, verified ESG data available to internal stakeholders — such as executive leadership and the board — **is critical for obtaining necessary support and resources to mature your ESG program**. As ESG becomes a bigger priority, organizations must also be prepared to respond to RFPs and other inquiries from customers and other business stakeholders, further highlighting the importance of data verification. Our findings show:

- While 72% of our respondents track at least some ESG data metrics across their physical locations, offices, and manufacturing plants,[10] **only 17% centralize ESG data collected on a regular basis and make it accessible to internal stakeholders.**[11]
- **Only 31% of respondents perform third-party assurance on their ESG data,**[12] representing room for growth in data verification as well.

These results point to a significant opportunity for organizations to focus on strengthening their ESG metrics and mechanisms for data capture, organization, and verification to mature their larger ESG reporting capabilities.

[9] **Question:** Do you collect evidence to support your data metrics?
Base: 152.
Answer Options: Yes, for all ESG metrics; Yes, but only for a portion of ESG metrics; No, but we plan to start this year; No, and we do not plan to start this year.

[10] **Question:** Do you track ESG data metrics from each of your offices, manufacturing plants, and/or physical locations?
Base: 209.
Answer Options: Yes, for most of our ESG metrics; Yes, but only for a small number of ESG metrics; No, we only collect data from our headquarters or a single location only; We don't collect ESG data today.

[11] **Question:** What is your process for collecting ESG data?
Base: 209.
Answer Options: We collect data via email on an ad hoc basis as needed (ex. when a potential customer makes an inquiry about a certain practice); We regularly collect predefined ESG data from various data owners; We centralize ESG data collected on a regular basis and make this data accessible to internal stakeholders; We have automation in place to regularly collect predefined ESG data; We don't collect ESG data today.

[12] **Question:** Do you have third-party assurance for any of your ESG data?
Base: 152.
Answer Options: Yes; No, but we plan to start this year; No, and we do not plan to start this year.

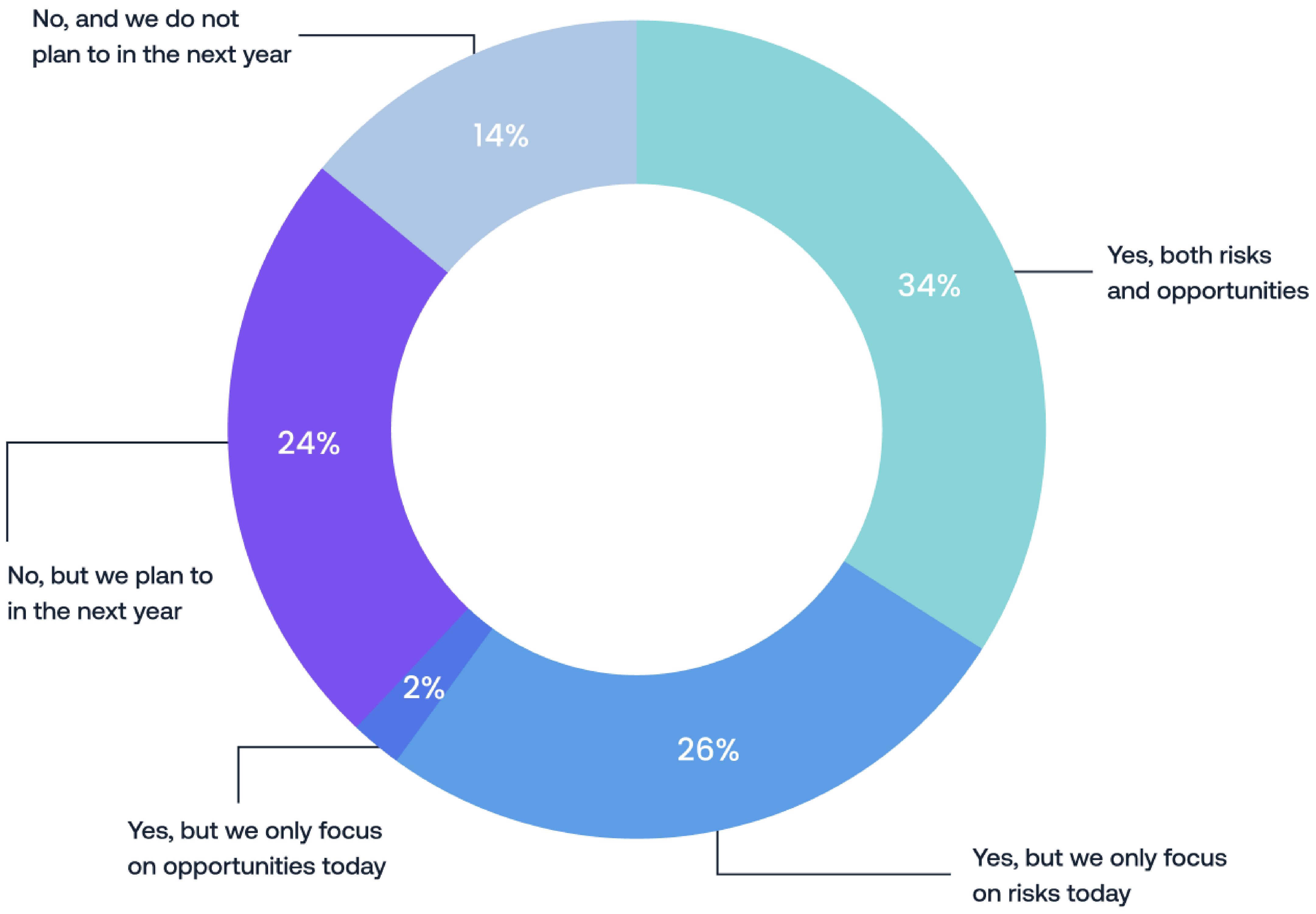
Overall, **the Finance & Insurance industry was more advanced than other industries in Reporting and Disclosures**, with the majority in the **Strategic** stage of maturity. This may be due to the possibility that financial organizations are more savvy at producing reports and disclosures due to familiarity. For example, climate investors and venture capital firms require certain disclosures in the process of vetting their partners. As a result, they may be more familiar with the climate-related and financial disclosures they are required to produce.

Takeaway #4: ESG is not being included as part of ERM in a strategic way in many organizations.

Nearly 40% of our respondents don't include ESG risks in their ERM strategy,[13] indicating that ESG is not yet embedded as extensively in organizations as it has the potential to be. Just as risk is something that affects all areas of a business, ESG must be embedded in the business for maximum impact.

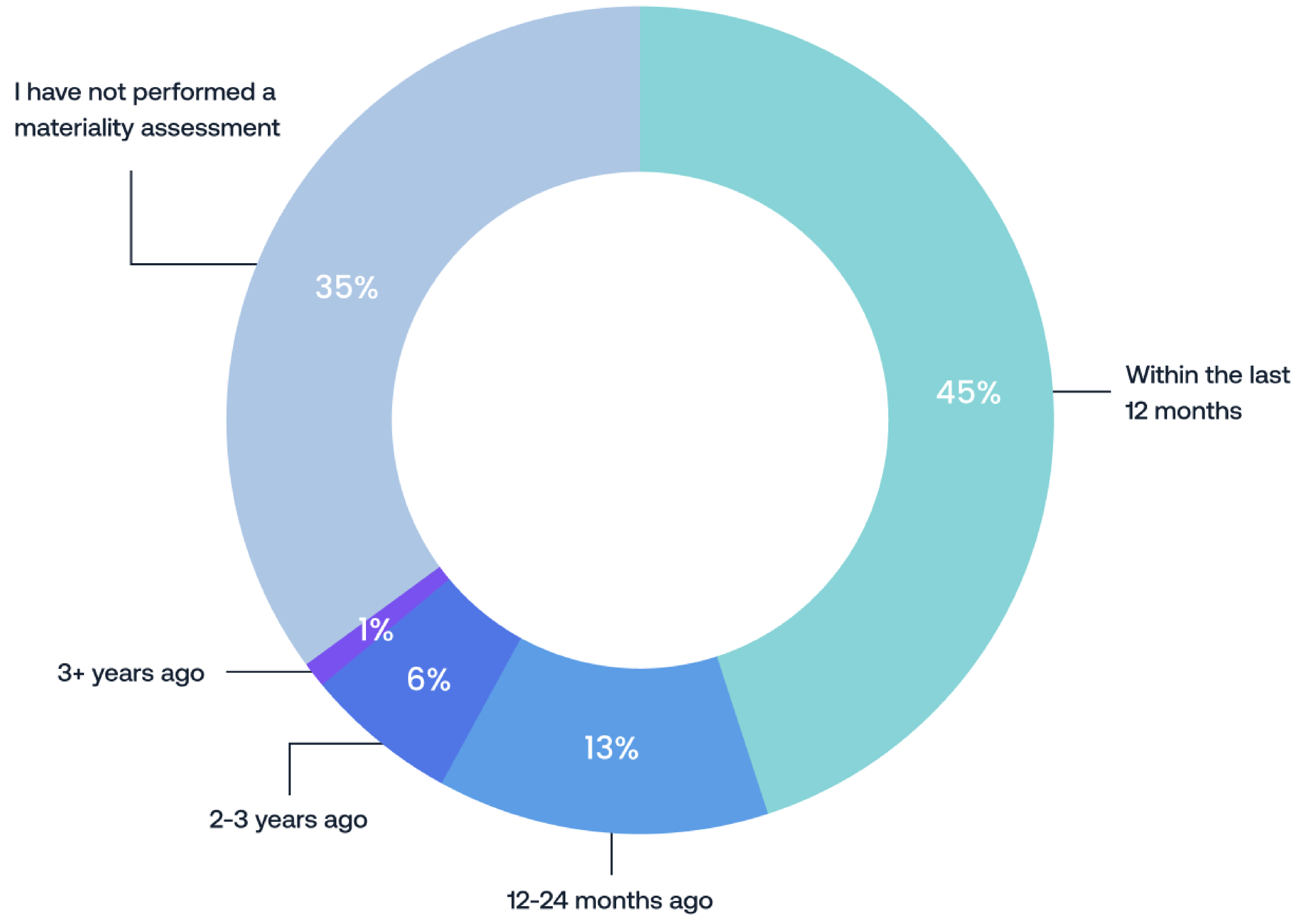
While 60% of our respondents are considering ESG risks in their ERM strategies, **only 33% are focused on both ESG risks and opportunities**. The emphasis on ESG risks indicates that there are likely areas of ESG not being surfaced today that present material business opportunities. Mature risk management requires consideration of upside as well as downside risk. **A sign of ESG maturity is reaching a stage where ESG is regarded as a competitive differentiator and a strategic risk area to invest in.**

Do you include ESG risks and opportunities in your ERM strategies? (Figure 8)



[13]**Question:** Do you include ESG risks and opportunities in your enterprise risk management strategies?
Base: 176.
Answer Options: Yes, both risks and opportunities; Yes, but we only focus on risks today; Yes, but we only focus on opportunities today; No, but we plan to in the next year; No, and we do not plan to in the next year.

How recent was your last materiality assessment? (Figure 9)



Similar to risk assessments, ESG materiality assessments are key to understanding what is important to the organization, and where there are risks and opportunities to prioritize. **Materiality assessments are used to determine:**

1. What ESG topics have the most impact on the company and are most relevant to stakeholders.
2. How a business's activities impact the environment and communities in which it operates.

Nearly 45% of our survey respondents have performed an ESG materiality assessment within the last 12 months, **yet 35% of our respondents have not performed a materiality assessment at all — highlighting an easy area to begin taking action in.** [14]

[14]**Question:** How recent was your last materiality assessment?
Base: 176.
Answer Options: Within the last 12 months; 12-24 months ago; 2-3 years ago; 3+ years ago; I have not performed a materiality assessment.

Takeaway #5: The majority of respondents have little to no governance or oversight over their ESG programs today.

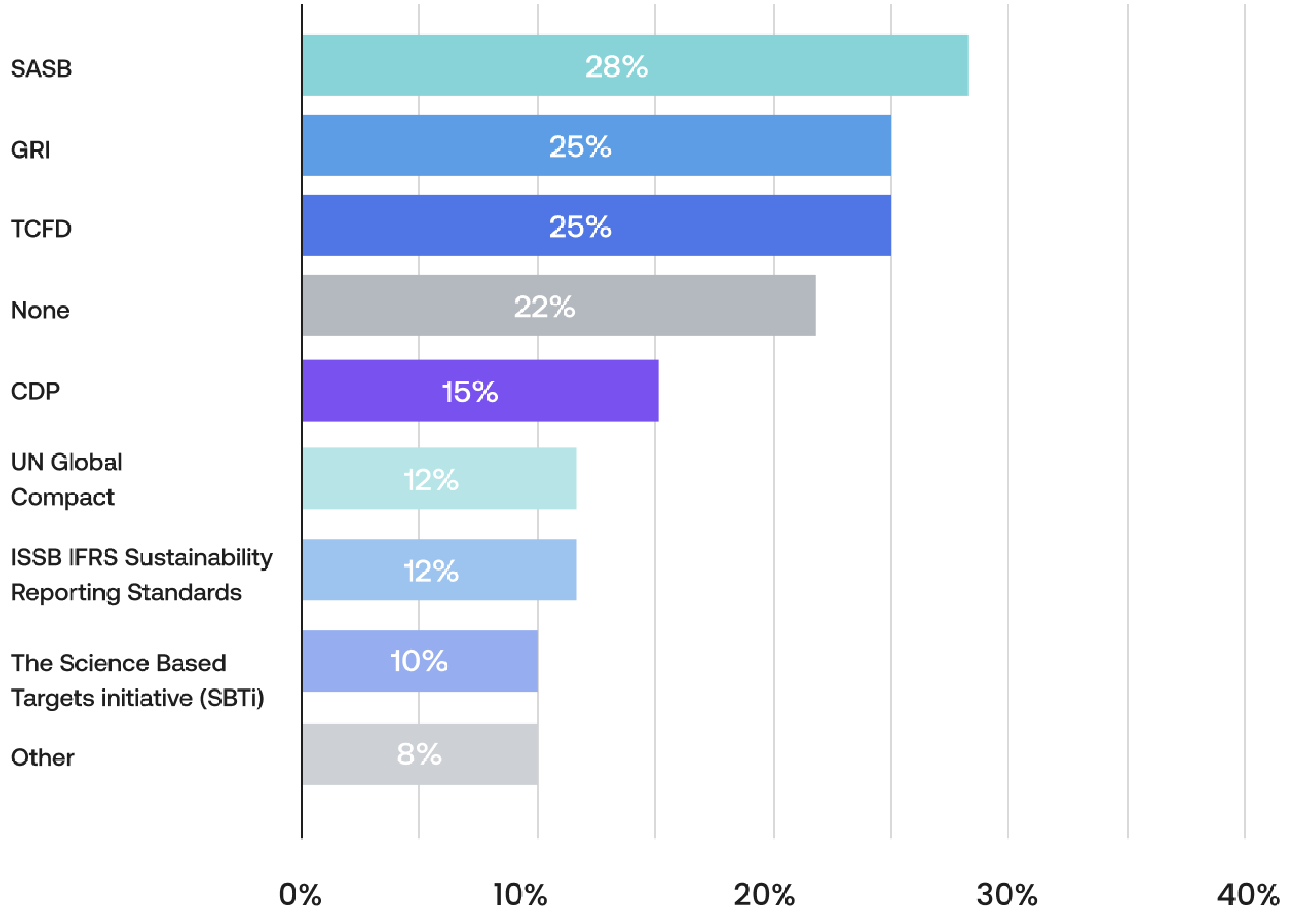
When it came to governance and controls, our survey respondents demonstrated a wide range of alignment with different ESG reporting frameworks. Of the many ESG standard-setting organizations that provide guidance, **the top frameworks that our survey respondents align with are:**

- **SASB (28%)**
- **TCFD (25%)**
- **GRI (25%)**

Nearly **80% of our survey respondents perform benchmarking to guide their ESG efforts**:[15]

- 36% perform ad-hoc research, 24% work with a consultancy, and 18% utilize rating comparisons. We believe these numbers will only continue to grow as demand for ESG assurance increases.

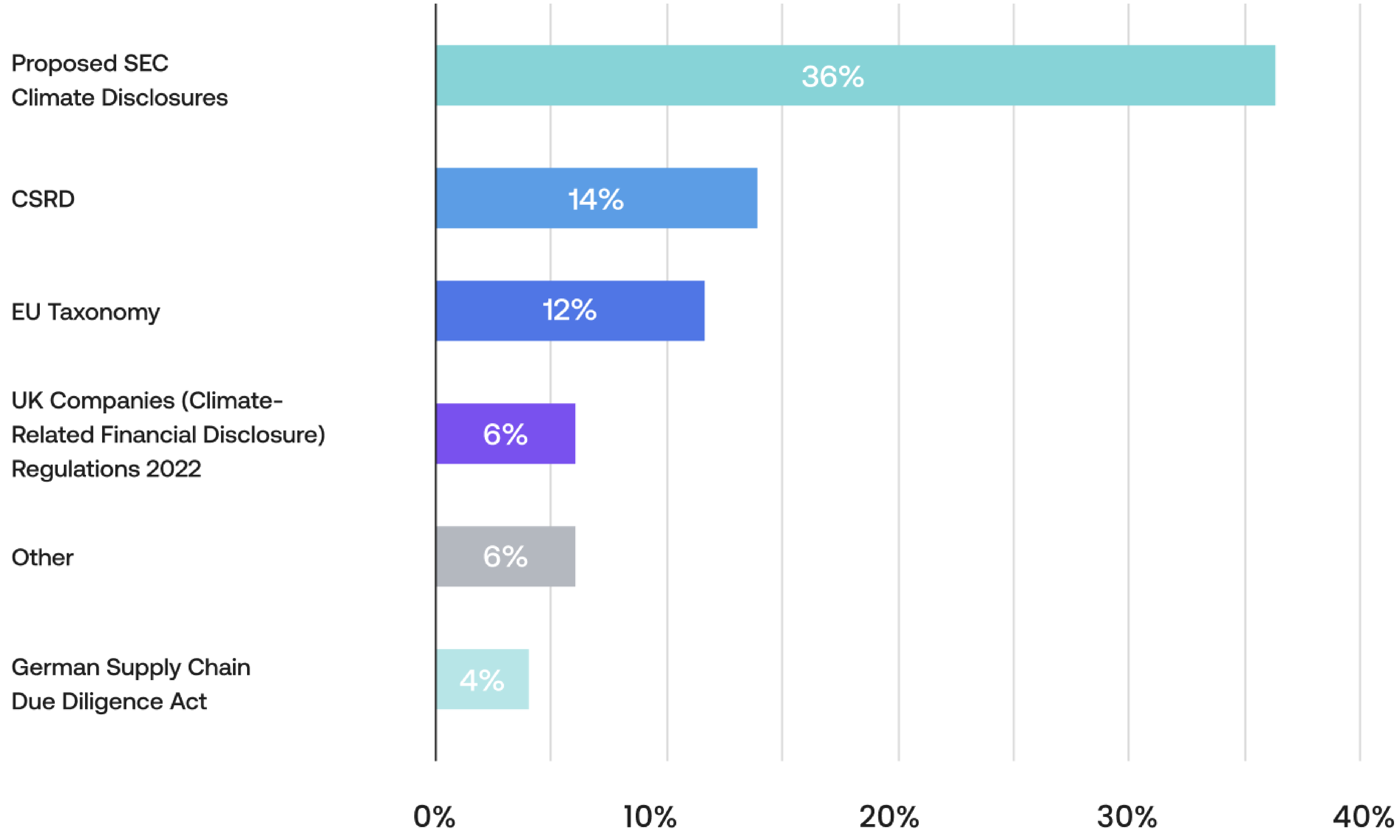
Reporting frameworks leveraged by organizations (Figure 10)



[15]**Question:** Do you currently do any benchmarking to guide your ESG program?
Base: 160.
Answer Options: Ad-hoc research; Rating comparison; Work with a consultancy; Not applicable; Other (please specify).

Which of the following laws/regulations do you comply with (or will comply with when enacted)?

(Figure 11)



Interestingly, nearly one-third of our respondents report being in compliance or planning to comply with the SEC's proposed climate disclosure rule.[16]

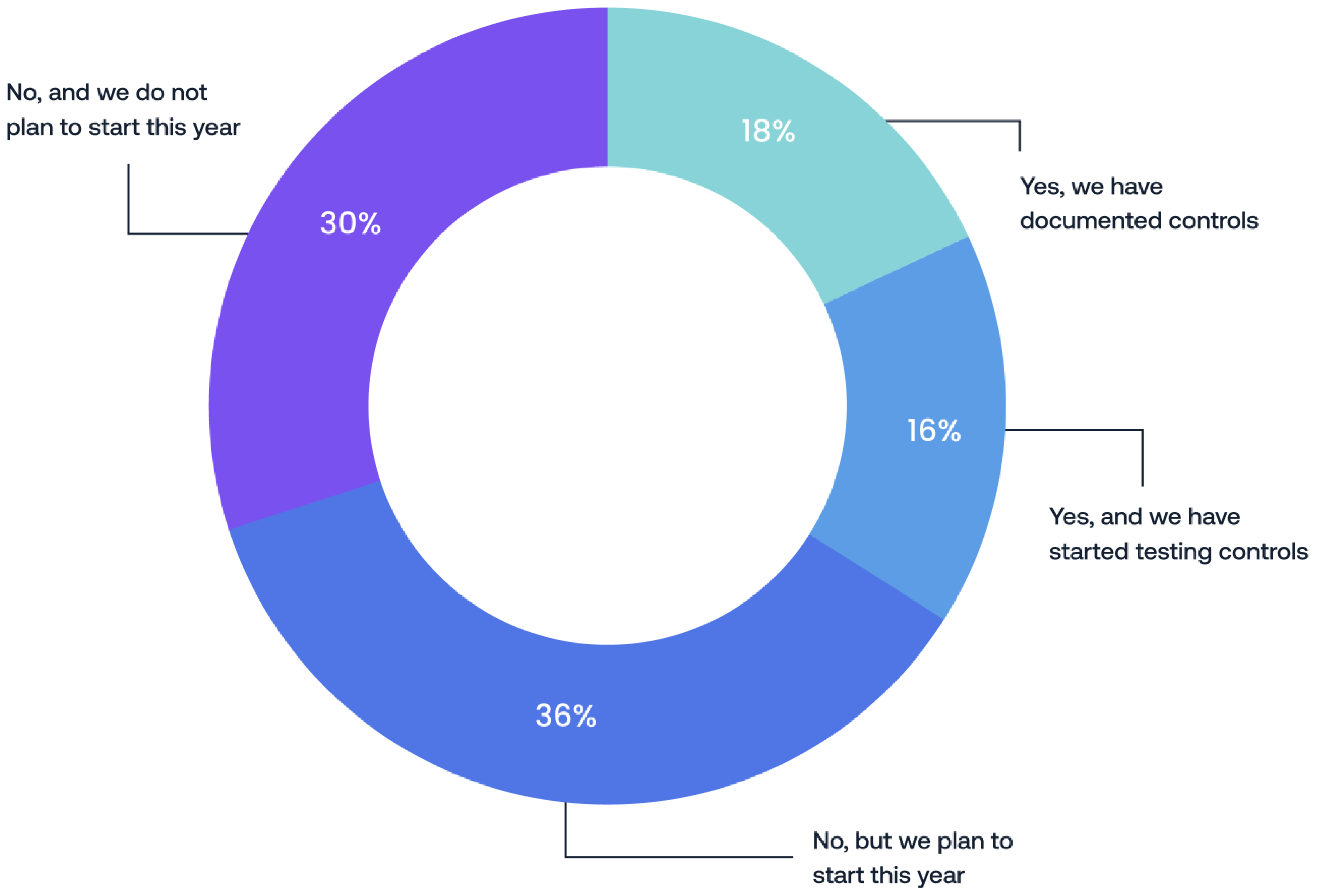
74% of our respondents identified themselves as working at public companies that will be required to comply when the rule is formalized and adopted.[17] Moreover, while private companies may not be preparing 10-Ks, they may be asked by customers or partners to disclose emissions data related to their supply chain ecosystem that could potentially have an impact on their business. Overall, the split between compliant and non-compliant companies highlights an opportunity for organizations that aren't yet compliant to evolve.

[16]**Question:** Which of the following laws/regulations do you comply with (or will comply with when enacted)? (select all that apply)
Base: 161
Answer Options: CSRD; EU Taxonomy; Proposed SEC climate disclosures; German Supply Chain Due Diligence Act; UK Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022; None of the above; Other (please specify).

[17]**Question:** Is your organization private or public?
Base: 151.
Answer Options: Private; Public; I don't know/cannot disclose.

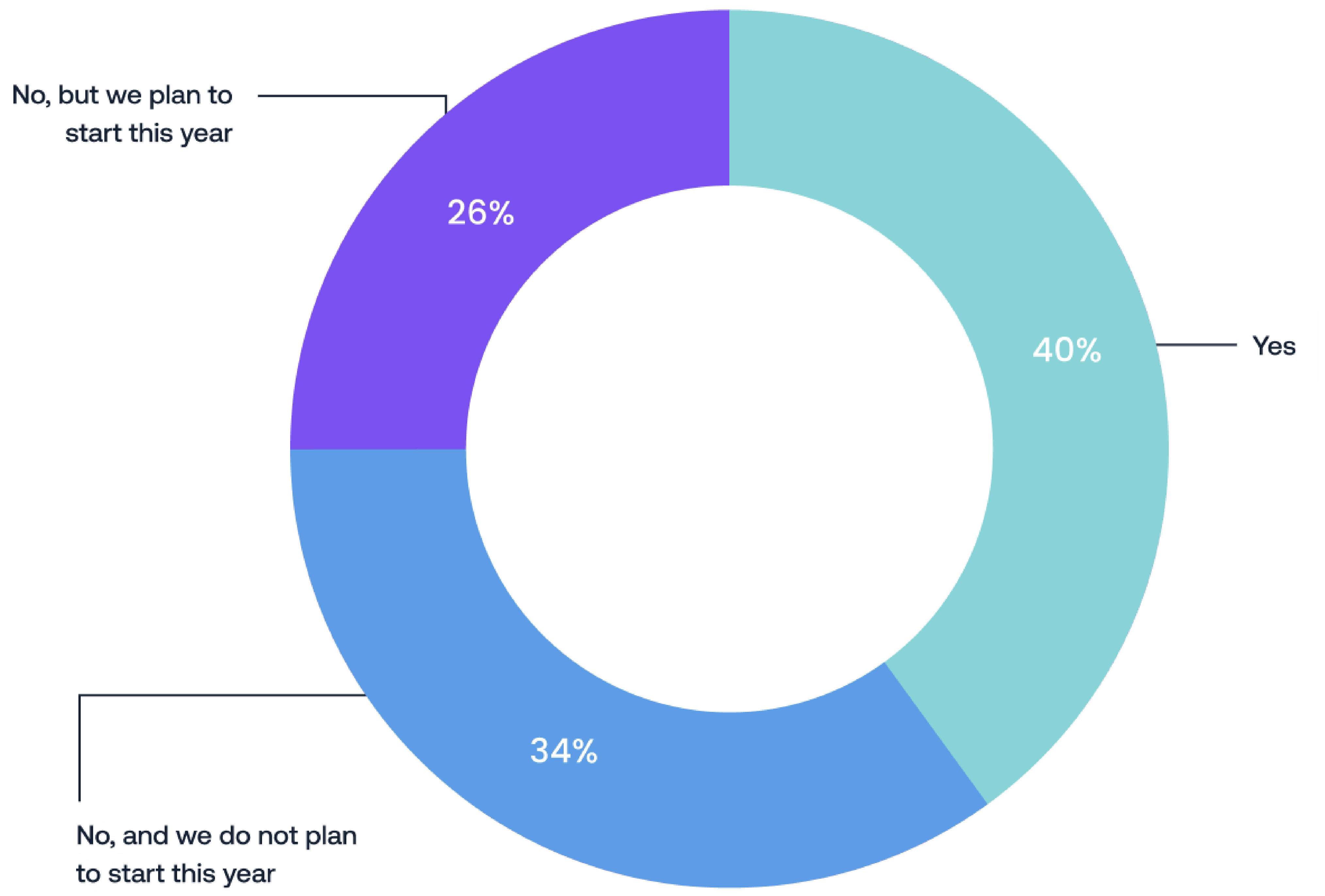
Two-thirds of our survey respondents have not implemented ESG controls, highlighting a low state of maturity in ESG data governance.[18] This may be related to the vast and confusing spectrum of ESG-setting standards and frameworks out there, as well as the fact that there is no formal ESG compliance requirement in the United States yet. However, the SEC will require an assurance factor in due time. Once the proposed climate disclosures become formalized, public companies will be required to have ESG controls in place to streamline the process of obtaining third-party assurance for compliance with the new rules.

Have you implemented any controls for ESG? (Figure 12)



[18]**Question:** Have you implemented any controls for ESG?
Base: 152.
Answer Options: Yes, we have documented controls; Yes, and we have started testing controls; No, but we plan to start this year; No, and we do not plan to start this year.

Do you perform internal ESG audits? (Figure 13)



However, there ***are*** signs that ESG controls programs are beginning to ramp up, based on audit activity among those surveyed:

- **60% of organizations do not perform internal ESG audits, but 26% plan to in the next year**[19] — indicating that organizations intend to build out their ESG assurance efforts.
- **The majority of survey respondents collect evidence for ESG metrics:** 34% collect evidence for all ESG metrics, while 42% collect for a portion of their ESG metrics.[20] Due to the data assurance provisions in the SEC's proposed climate disclosure rule, we may soon see these numbers start to increase when the rule becomes formalized.

Overall, as stakeholder demand for ESG continues to increase and compliance requirements begin to become mandatory, **we expect to see more controls and increased assurance efforts will be put into place across more industries.** Naturally, this will contribute to the development of more mature reporting practices and infrastructure to support ESG programs.

[19]**Question:** Do you perform ESG audits?
Base: 152
Answer Options: Yes; No, but we plan to start this year; No, and we do not plan to start this year.

[20]**Question:** Do you collect evidence to support your data metrics?
Base: 152.
Answer Options: Yes; No, but we plan to start this year; No, and we do not plan to start this year.

Part Two: *Five Initiatives to Advance Your ESG Maturity*

"The best time to plant a tree was 20 years ago, the second best time is now."

As the ESG landscape continues to evolve, it is essential to start building an ESG program sooner rather than later. **Many ESG issues represent significant risks and costs if not properly managed.** Consider the example of climate change: companies that fail to manage their greenhouse gas emissions may face regulatory fines, reputational damage, or the physical impacts of climate change. **Early investment in ESG can mitigate these risks — and even create new opportunities for growth and innovation.**

In this section, **we identify five initiatives organizations can act on to advance their ESG maturity.** These actions can be adopted one at a time or concurrently, and they do not need to be performed in sequential order. The most important part is getting started.

1. **Set your sights on mapping your ESG strategy.**
2. **Invest in purpose-built technology to support your ESG program and processes.**
3. **Build out your reporting and metrics verification capabilities.**
4. **Build a strong controls program.**
5. **Adopt a creative approach.**

1: Set your sights on mapping your ESG strategy.

Integrating ESG into your business strategy is like setting out on a long journey. Starting may seem daunting, but with a good map and a clear destination, it's much easier.

- **Get your compass.** First, you must understand where you're starting from by performing a materiality assessment, where you identify and prioritize the ESG issues that are most relevant to your business and your stakeholders.
- **Set your destination.** Once you've identified the key issues, you can create strategic ESG goals. This isn't just about compliance, but about finding opportunities to create value — perhaps by reducing your carbon footprint, improving labor practices, or increasing board diversity.
- **Plan your route.** Embed ESG considerations into your risk management processes. Just as you'd anticipate roadblocks and detours on a journey, you should be continuously identifying, assessing, and managing ESG risks (and opportunities).
- **Communicate with your fellow travelers.** Ensure everyone in your organization knows the route by integrating ESG into your company's DNA. ESG should be embedded in all aspects, from procurement and operations to marketing and human resources.
- **Check your progress along the way.** Regular monitoring and reporting on ESG metrics will help you stay on track, adjust your strategy if needed, and communicate your performance to stakeholders.

2: Invest in purpose-built technology to support your ESG program and processes.

The power of ESG program management technology in maturing a company's ESG capabilities can't be understated. **Data analytics, in particular, play a pivotal role by gathering, analyzing, and making sense of a vast array of ESG data.** Technology can help the business automate and streamline efforts to identify key ESG trends and monitor their progress. **These efficiencies can have a significant impact on helping the business make well-informed, data-driven decisions.**

In addition, technology can enable efficient data management and safeguard data integrity. **Good quality data is essential for effective ESG strategy, and technological solutions ensure data accuracy, consistency, and ease of access.** Moreover, tech platforms are becoming increasingly effective for ESG reporting, helping to **simplify the process of collecting, aggregating, and reporting ESG metrics.** This, in turn, makes it easier for companies to communicate their sustainability efforts with shareholders, employees, and the public.

Key Capabilities to Look for in ESG Program Management Technology

1. **Centralizes data and facilitates data collection.** Pay attention to not only the interface used to collect data, but if it improves users' visibility into key information like topics, metrics, locations, etc.

2. **Easy to use, intuitive interface.** This is important for user adoption time and impacts how likely employees are to continue using the technology.

3. **Quick implementation timeframe.** How quickly the technology can be implemented is directly connected to how soon benefits can be realized, and a good indicator of the technology's ability to integrate into ESG processes.

4. **Flexibility to evolve.** Not only is it important for technology to support your ESG processes, it is equally important that it is flexible enough to adapt to changing business conditions with ease. After all, you don't want to get stuck with ongoing scope creep, implementation costs, or having to contact support every time you want to change something.

3: Build out your reporting and metrics verification capabilities.

Before companies can report on their ESG performance, they need to first define what ESG issues are material to them, set strategic ESG goals, put in place the right processes, and gather data to track their progress. Reporting is the process of communicating all of this work to the outside world.

Building mature ESG data collection and verification processes ensures you can consistently and accurately measure, track, and report on your ESG performance over time. These capabilities involve not only the output needed for reporting, but also the systems and processes for data collection, data management, and data analysis. **Without these capabilities, your report may be inaccurate, incomplete, or not comparable from one period to another**, which could mislead stakeholders and undermine your credibility.

In addition, **metrics verification helps validate the accuracy and reliability of the ESG data in your report.** This is essential because it provides both you and your stakeholders confidence in the data you're reporting. Without robust metrics verification, you run the risk of reporting incorrect data, which could have legal implications and damage your reputation.

To build out your data collection and metrics verification capabilities, consider:

- **What are the outputs that you need?** An annual sustainability report, timely responses to RFPs, data available to internal stakeholders, etc. are important to consider.
- **What tools and systems are you using to collect, manage, and analyze data?** Are they reliable and have they been vetted by others in the industry and/or your organization?
- **What formats do your outputs need to be in?** Keep in mind the format that your marketing agency may need to create the annual report materials. The goal is to have verified and trustworthy ESG information that can be turned into impactful reports — and that doesn't open your organization to accusations of greenwashing.

4: Build a strong controls program.

Building controls and governance around ESG data is paramount because it enhances the accuracy, consistency, and reliability of the data. This, in turn, strengthens the credibility of your ESG disclosures and builds trust with your stakeholders. Just as financial data has rigorous controls to ensure its integrity, the same principle should apply to ESG data given its growing significance in decision-making for investors, regulators, and other stakeholders.

To create controls and governance for ESG data, several steps can be taken:

- Develop clear data management policies and procedures
- Implement data quality checks
- Establish a clear chain of custody
- Train and educate staff
- Use technology to support data management

Step 5: Adopt a creative approach.

In an environment where resources are limited and regulations are still evolving, a creative mindset can be a game changer for advancing ESG capabilities. **While there are challenges in managing ESG, a creative mindset can turn these challenges into opportunities for innovation, differentiation, and leadership.**

A creative mindset can help businesses find value in ESG that may not be immediately obvious. Companies can look at ESG not just as a compliance requirement, but as an opportunity to create value and differentiate themselves. For example, they could use their ESG efforts to enhance their brand, attract talent, or drive innovation.

Additionally, in the face of regulatory ambiguity, creativity can help companies become leaders instead of followers. Instead of waiting for regulations to define what they should do, companies can define their own ESG goals and standards. This not only positions them as leaders in the eyes of stakeholders, but it can also give them a head start when regulations do become more defined.

Finally, a creative mindset can also foster a culture of resilience and adaptability. As ESG landscapes evolve, companies that are flexible and open-minded are better positioned to adjust their strategies and continue to make progress.

Ultimately, embedding ESG into a company's culture and operations takes time. Reaching a state of ESG maturity is a journey that requires careful planning, strategic implementation, and a proactive mindset. The sooner a company starts on this journey, the sooner it can reap the benefits of reliable and accurate ESG risk data to support business.

There's No Time Like the Present to Start Maturing Your ESG Practices

The more time and effort spent on ESG initiatives across the business, **the more incremental improvements there will be, allowing the business to advance its ESG capabilities over time.** Embracing ESG maturity is not only about being a good corporate citizen — it's also smart business.

We hope that **insights and initiatives shared in this report will help enable your organization to chart a path to greater ESG maturity**. Through strategic allocation of resources, expanding the breadth and depth of ESG programs, implementing robust reporting and verification mechanisms, and strengthening governance and oversight, organizations can unlock the full potential of ESG and position themselves as leaders in sustainability and responsible business practices.

The journey towards ESG maturity is an ongoing one that requires dedication, continuous improvement, and a commitment to creating long-lasting positive impact. **By embracing this transformative journey, organizations can drive meaningful change, shape a more sustainable future, and meet the expectations of stakeholders while realizing the tangible benefits of ESG integration.**

To learn how AuditBoard can help streamline your ESG program management, visit auditboard.com to request a tailored demo.

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About AuditBoard

AuditBoard is the leading cloud-based platform transforming audit, risk, and compliance management. More than 40% of the Fortune 500 leverage AuditBoard to move their businesses forward with greater clarity and agility. AuditBoard is top-rated by customers on G2, Capterra, and Gartner Peer Insights, and was recently ranked for the fourth year in a row as one of the fastest-growing technology companies in North America by Deloitte. To learn more, visit: AuditBoard.com.