Building a Sustainable Future: Key Insights for Finance Executives

By Emmanuel Olivier | Esker Worldwide Chief Operating Officer

Corporate sustainability transcends mere compliance with corporate social responsibility metrics. It has evolved into a strategic imperative — one that directly impacts long-term value creation. Finance executives must recognise that sustainability isn't just about mitigating risks; it also presents significant opportunities. In this essay, we delve into why sustainability matters and how it shapes the future of organisations.

What is corporate sustainability and why is it so important?

The term corporate sustainability refers to the practice of meeting current business needs without compromising the ability of future generations to meet their own needs. Rather than reducing these "needs" to financial gains harvested by solely improving productivity, these needs include all dimensions of a healthy environment for all living beings. These can be created by taking a balanced approach to development that considers the long-term impacts on the planet, people, and prosperity.

The three main pillars of corporate sustainability encompass:

Environmental Sustainability
Preserving natural resources and ecosystems, reducing pollution and waste, and mitigating climate change to ensure that the environment can continue to support life.

Governance for Sustainability
Promoting growth and development that is inclusive and equitable, while also ensuring that resources are used efficiently and responsibly.

Social Sustainability
Ensuring social well-being and equity by promoting human rights, education, healthcare, and equal opportunities, as well as fostering resilient and supportive communities.

Since corporate sustainability is increasingly recognised as a strategic driver for growth, innovation, and operational resilience, this concept needs to become an integral aspect of a business strategy, if it isn't already. For Finance executives, the importance of sustainability stems from its potential to address global challenges such as climate change, resource scarcity, and social inequality, while simultaneously presenting opportunities for business differentiation and leadership.

How can Finance executives integrate corporate sustainability into business operations?

As mentioned earlier, the positive effects of building strong sustainability measures into a business strategy are not limited to external factors. If done comprehensively and conscientiously, the benefits can be felt internally as well.

Specifically, they can:

- **Create a competitive advantage** by attracting customers, investors and partners that are drawn to this kind of business conduct.
- **Result in considerable cost savings** due to energy efficiency, waste reduction and water conservation.
- **Ensure regulatory compliance,** for example with legislation such as the EU's Corporate Sustainability Reporting Directive (CSRD). Although sanctions for non-compliance vary between EU member states, they can include financial and administrative penalties and legal proceedings.
- **Provide access to capital** as adhering to environmental, social and governance (ESG) guidelines helps investors assess the management of a company and thus opens the door for a wider set of financing opportunities.

For Finance executives, the best point of entry to these benefits comes from creating detailed insights into their organisation's adherence to ESG standards though the source-to-pay (S2P) cycle.

Here is a proposal for an action plan to start on the path to ESG clarity:

- **Invest in tools that track ESG metrics** for monitoring performance of these indicators and identify areas for improvement. By facilitating the creation of transparent reports that align with regulatory frameworks, these tools can provide a clear and accurate picture of the company's environmental and social impact.
- **Consider adopting specialised software solutions** designed to meet regulatory requirements for greenhouse gas reporting. These tools streamline the processes of data collection, analysis, and reporting, helping companies efficiently manage their greenhouse gas emissions data, reduce the risk of errors, and simplify the complexities associated with regulatory compliance.
- **Proactively prepare for compliance** with various directives around the world, such as the CSRD. By taking early steps to understand and implement the necessary reporting frameworks and standards, Finance executives can ensure readiness and a smooth transition for when regulations come into effect. Legal, Finance, Supply Chain and Sustainability teams must work together to ensure due diligence, risk mitigation, and reporting are seamlessly integrated. This collaborative approach ensures that all aspects of the organisation are aligned with requirements, facilitating comprehensive and accurate sustainability reporting. Early preparation also allows for the identification and resolution of potential challenges, reducing the risk of non-compliance and positioning the company as a leader in corporate sustainability.

Corporate sustainability is a multifaceted concept that requires a strategic and proactive approach from executive leaders. By embedding sustainability into the DNA of their organisations, executives can not only contribute to a more sustainable world but also build a strong foundation for enduring business success. Addressing sustainability topics also addresses sustainability of the business itself. As these matters gain importance in the economy, and also become a reality in everyone's life, they will naturally also impact companies. This balance between immediate financial objectives and long-term sustainability considerations is essential for the long-term viability of both the planet and the profitability of businesses.

EI-CO-013-A