

Driving sustainable change

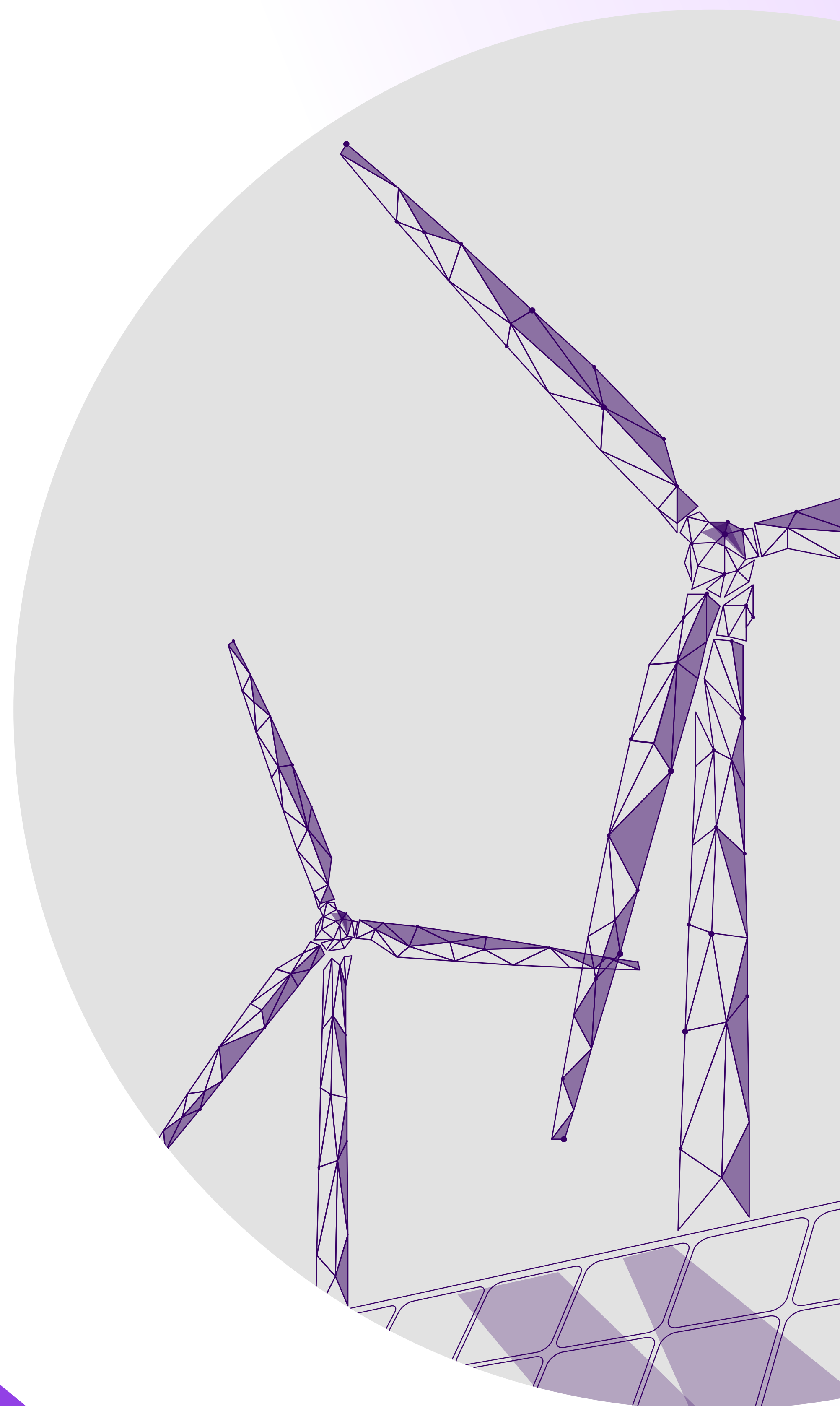
How the C-Suite shapes ESG success



The push for ESG (Environmental, Social, and Governance) goals has become a strategic priority across industries. With global regulations like the Corporate Sustainability Reporting Directive (CSRD) putting pressure on businesses to act, defining and achieving ESG goals is now essential for long-term business success.

Putting the focus solely on compliance is not enough – businesses must embed ESG into every function, aligning it with overall corporate strategy from top to bottom. For C-suite executives, this means taking ownership of ESG at every level. CEOs, CFOs, COOs, and CIOs must each understand their unique role in driving ESG initiatives that deliver tangible business outcomes.

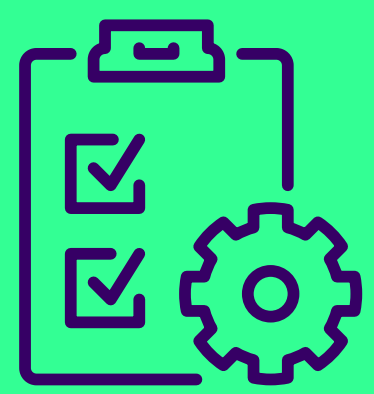
This eBook explores how leadership across these key roles can turn ESG goals into measurable success, with insights on how IFS can effectively support businesses in achieving these objectives.



Defining ESG goals: a strategic necessity

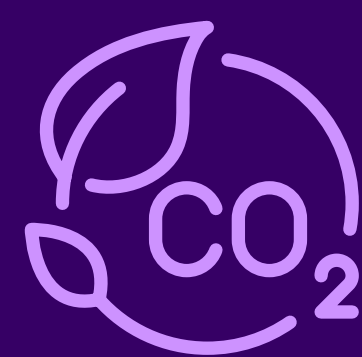
Defining your ESG goals is a complex process that requires thoughtful analysis across all three pillars.

It's not just about reducing carbon emissions or improving labour practices; a well-rounded strategy considers the broader impact on stakeholders, regulations, and long-term business goals.



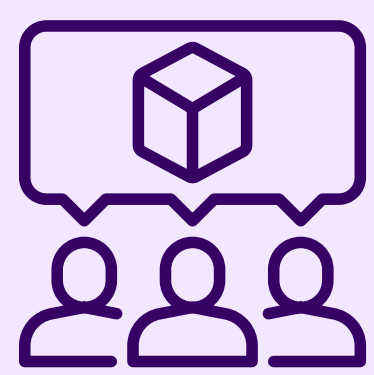
Define

ESG goals can't be approached in isolation. Businesses must consider their broader impact on stakeholders, from investors to employees, while also remaining adaptable to evolving regulations. It's this complexity that requires thoughtful assessment and careful planning.



Identify

A critical first step in ESG planning is assessing materiality – understanding which ESG issues are most relevant to both the business and its stakeholders. For example, a manufacturing firm may prioritize emissions reduction, while a financial services provider might focus on data privacy and governance. The key is to tailor ESG goals to reflect your industry's specific needs and challenges.



Engage

Stakeholder engagement plays a pivotal role in shaping an effective ESG strategy. Companies that actively consult their stakeholders, whether through focus groups, surveys, or regular communication, gain valuable insights into sustainability risks and opportunities. By incorporating stakeholder perspectives, organizations can ensure their ESG strategy addresses the most pressing issues.



Measure

Once material ESG issues are identified, it's critical to set specific, measurable targets. These goals should align with both industry standards and your company's baseline performance. For instance, a company might aim to reduce its carbon footprint by 30% over the next five years or implement renewable energy solutions to cover 50% of its energy needs.

Why a holistic ESG strategy matters

Successful ESG not only strengthens stakeholder relationships but also mitigates risks, enhances brand reputation, and ensures long-term business resilience.

Companies that view ESG as a core strategy, rather than a compliance checkbox, are better positioned to succeed in a world where sustainability is increasingly a deciding factor in market performance.



CEO's role: Turning ambitions into real-world impact

For CEOs, setting ESG goals is about striking a balance between the interests of customers, employees, and shareholders. With increasing pressure to demonstrate corporate responsibility, CEOs must ensure that ESG initiatives drive long-term value and support positive business outcomes.



What are the key ESG drivers for CEOs?

1

Attracting investment:

Investors are increasingly factoring in ESG performance when making critical decisions. By showcasing strong sustainability practices, CEOs can attract investment and unlock larger business opportunities.

21.5%

By 2026, it is expected that ESG assets will make up 21.5% of global assets under management¹



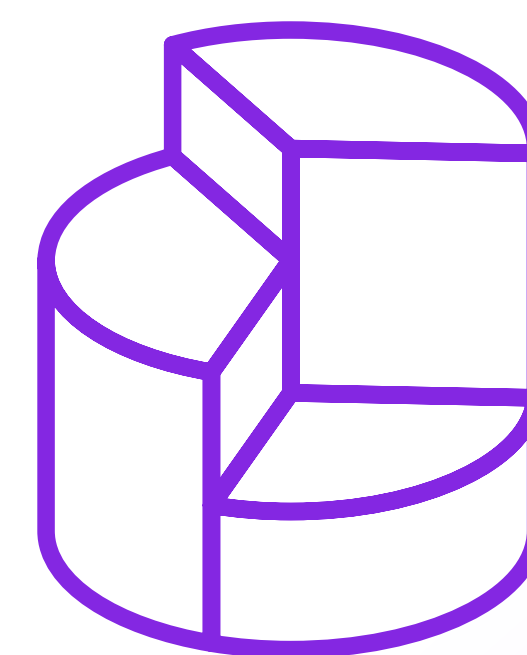
2

Growth through sustainability:

Sustainable business models, such as circular economies or green innovations, offer new revenue streams while driving greater margins.

84%

More than 84% of global asset owners have started implementing or evaluating sustainable investment strategies²



3

Staying competitive:

Innovation in sustainability helps businesses stay ahead of competitors, creating a strategic advantage in the market.

74%

of executives worry that failing to improve ESG performance will negatively impact their brand's standing in the market.³

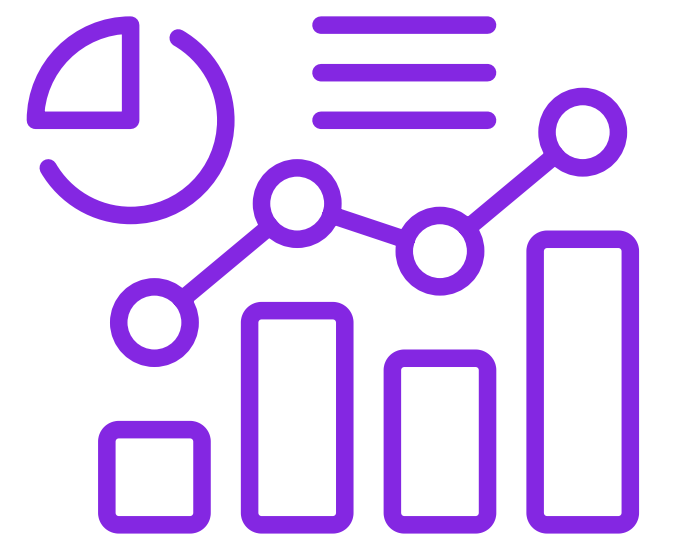


4**Operational efficiency:**

By reducing waste and improving resource efficiency, businesses can save costs and streamline operations while also meeting regulatory requirements.

15%

Companies that prioritize energy efficiency can reduce operational costs by up to **15%**⁴

**5****Building brand reputation:**

Consumers, employees, and partners are placing increasing value on transparency and ethical behaviour. Strong ESG practices help build a positive reputation, which is key to customer loyalty.

Strong ESG reporting increases consumer retention and is a key factor in purchasing decisions⁵



For CEOs, the challenge lies in aligning these goals with broader business strategies to ensure long-term profitability and resilience.



CFO's role: Turning numbers into business success

ESG is not just about compliance—it's about making informed investments that drive business growth and operational efficiency.

As the stewards of financial performance, CFOs must rationalize ESG spending, ensuring that sustainability initiatives deliver tangible ROI.



Aligning financial strategy with ESG goals

CFOs are in a unique position to quantify the benefits of sustainability investments.

Whether it's forecasting cost savings from energy efficiency projects or evaluating the financial impact of reducing waste, CFOs can use data-driven insights to make the case for effective ESG investments.

For example, adopting renewable energy solutions can yield millions in savings over time, while also meeting environmental targets. Those who are able to accurately forecast these savings not only enhance profitability but can also help businesses to stay ahead of evolving regulations.

In addition, CFOs play a pivotal role in ensuring compliance with sustainability reporting standards. With frameworks like CSRD requiring detailed ESG reporting, IFS Cloud provides the real-time insights CFOs need to manage compliance efficiently, while automating the complex task of sustainability reporting.

By leveraging the right tools and aligning ESG with financial strategy, CFOs can unlock opportunities for growth, improve margins, and enhance shareholder value.



COO's role: Quantifying risk and improving operations

ESG is inherently linked to operational efficiency.

As COO, you are responsible for translating high-level ESG goals into actionable strategies that drive day-to-day improvements while managing risks associated with non-compliance and resource inefficiencies.

COOs excel at identifying areas where sustainability can improve operations.

For example, reducing energy consumption in production facilities or cutting down on waste can significantly reduce costs. These operational improvements not only contribute to overall ESG goals but also lead to a more efficient and resilient business that's built for the future.

What COOs need to know:



Risk management: COOs who prioritize energy efficiency in production facilities not only reduce environmental impact but also avoid potential fines for non-compliance.



Resource allocation: A strategic COO can implement water recycling initiatives that save millions of gallons annually or cutting emissions in manufacturing processes reducing both costs and environmental impact.



Performance measurement: COOs must track key performance indicators (KPIs) related to ESG, such as waste reduction, energy consumption, or worker safety.

COOs play a vital role in ensuring that ESG initiatives deliver not only environmental benefits but also significant operational improvements. Using IFS Cloud, COOs can monitor energy usage in real-time, quickly adjusting operations to reduce consumption.

CIO's role: Technology that drives ESG innovation

As companies increasingly rely on data to track sustainability performance, a CIO's role is to ensure that IT infrastructure supports real-time data collection, analysis, and reporting – while also driving innovation through digital tools.



Leveraging the right tools for change

By tracking key metrics—such as energy consumption, carbon emissions, and waste—businesses are empowered to make data-driven decisions that improve sustainability and performance.

For example, IoT sensors can monitor emissions in real-time, helping companies stay within legal limits and take corrective action when necessary. CIOs also play a key role in aligning IT strategy with vital ESG goals and initiatives, ensuring that sustainability metrics are integrated into existing IT systems from top to bottom, enabling seamless and transparent reporting.

CIOs also have a responsibility to implement technologies that can enable real change and support sustainable practices.

Whether through AI-powered predictive maintenance or automation tools that reduce energy use, CIOs are at the forefront of utilizing technology to drive operational efficiencies that support ESG goals.

By harnessing the power of technology, and selecting the right tools, CIOs can help businesses meet their sustainability targets while staying agile in the face of regulatory changes.



IFS Cloud: Your partner for ESG success

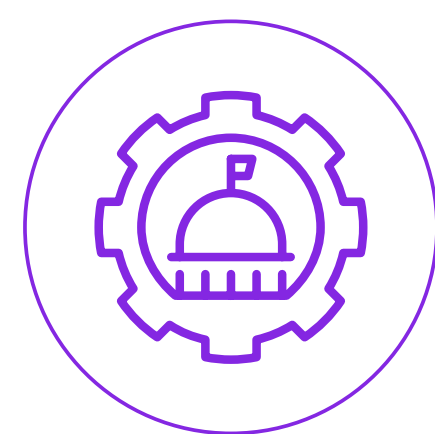
IFS Cloud offers comprehensive process manufacturing capabilities, providing end-to-end visibility into ESG performance. Whether you need to track emissions, optimize resource usage, or support CSRD regulation, IFS Cloud seamlessly embeds sustainability into every business function.

With the recent introduction of the **IFS Sustainability Module**, developed in collaboration with PwC, businesses can now further streamline their ESG reporting and disclosures. This new module simplifies the process of collecting, tracking, and reporting ESG data, supporting your business's regulatory demands while maintaining transparency and trust with stakeholders.

With IFS Cloud, companies can:



Track and report on ESG metrics in real time.



Ensure compliance with global sustainability regulations.



Enhance operational efficiency through data-driven insights.



Integrate ESG goals into business processes across the entire organization.

By adopting IFS Cloud, businesses can transform their approach to sustainability, turning ESG goals into strategic advantages.

Lead the change for a sustainable future

Sustainability isn't just a regulatory requirement, it's a growth opportunity that requires unified leadership across the C-suite.

CEOs, CFOs, COOs, and CIOs each have a vital role in transforming their organizations, ensuring that ESG initiatives deliver both environmental and financial value.

With IFS Cloud, aligning your sustainability goals with your broader business strategy becomes effortless. Our platform integrates ESG metrics with your core operations, empowering you to track, report, and optimize in real-time. This seamless alignment not only helps

you achieve compliance but also positions your company for long-term success in a rapidly changing world.

By leveraging data-driven insights, you can future-proof your business, ensuring that sustainability drives profitability, operational efficiency, and brand reputation. Don't wait to build a more resilient, sustainable future.

Speak to an IFS expert today and discover how we can help you embed sustainability into every facet of your business for lasting competitive advantage.

Book your demo

1. <https://www.pwc.com/gx/en/news-room/press-releases/2022/awm-revolution-2022-report.html>
2. <https://www.ft.com/partnercontent/london-stock-exchange-group/the-rise-and-rise-of-sustainable-investment.html>
3. <https://www.keyesg.com/article/50-esg-statistics-you-need-to-know-in-2024>
4. https://www.ey.com/en_us/insights/assurance/why-esg-performance-is-growing-in-importance-for-investors
5. <https://www.weforum.org/agenda/2022/02/sustainable-investing-esg-finance-future-norm/>