NAVEX™

Checklist

Creating a Unified ESG Programme 6-Step Checklist for Getting Started

New and mature Environmental, Social, Governance (ESG) programmes alike face the challenge of efficiently reporting to meet customer and investor requirements, new standards, and evolving regulations. ESG data spans across environmental resources, human capital, social capital, corporate governance and more.

This data comes from complex sources, so inefficient processes put your ESG programme at risk of becoming reactionary instead of strategic – especially for teams with limited resources.

This checklist will help new ESG programmes get started with efficiency, accuracy, and repeatability in mind.

1 Conduct Current V. Future State Assessment

Identifying **where you are now** vs. **where you need to be** is the first step in building an integrated ESG programme. **The good news** is that you may have more pieces in place than you think. An important exercise is to undergo a materiality assessment. Materiality could be influenced by legal and compliance requirements, financial impact or brand exposure risk. This will help your stakeholders prioritise what ESG metrics are impactful to your business and chart a future course to address these issues.

Ideal Outcome: **A better understanding of material issues and a strategic roadmap in place.**

2 Define Programme Scope for the Next 1-2 Years and Who Needs to be Involved

When the strategic vision is clearly understood, you then need to determine what resources are available to actualise your plans within the next 1-2 years. Stakeholders involved in sustainability, supply chain, HR, investor relations, and compliance will be key contributors. They will help define scope, what internal ESG "champions" can help lead the programme, or if key hires need to be evaluated.

Ideal Outcome: Internal subject matter experts identified, committee formed, key new hires evaluated.

3 Select Communication Plan for Internal and Public Progress Including Disclosure & Reporting

Once the internal scope and key stakeholders are identified, the next step is to determine which reporting merthods will best fit internal and external communication plans.

ESG teams should consider: Do we have regulatory requirements? What material factors are most relevant to our industry? What will help us address risks and find opportunities?

Answering these questions will help any team select a reporting framework that is not "too much" or "too little" and provides a realistic, obtainable, and repeatable reporting structure. **Key Standards, Frameworks, and Reporting Guidance include:** the Value Reporting Foundation's SASB Standards, CDP, and the Task Force on Climate-Related Financial Disclosures (TCFD).

Ideal Outcome:Specific reporting metrics and guidelines established with executive buy-in.

4 Establish Repeatable Workflows

Establishing automated workflows is arguably the most important step and the best opportunity an ESG team has for creating a programme that is efficient, accurate, and repeatable.

ESG reporting requires multiple contributors across departments, each needing to submit specific data to fulfill reports and assessments. Having a unified system that automates data collection workflow (from utility systems, HR, finance, and supply chain) and collects standardised, verifiable data is vital.

Many teams become stuck in the paradigm of do-it-yourself solutions such as spreadsheets. However, ESG is too complex, and these **manual systems will likely lead to inefficient ad hoc reporting**, errors, and incomplete reporting.

Ideal Outcome:User assignments made for data collection, repetitive workflows automated, single "source of truth" established.

5 Visualise Results for Benchmarking and Trends

When repeatable, trusted data collection workflows are in place, ESG teams can begin to consistently measure their progress against month-over-month, quarter-over-quarter, and year-over-year trends.

Reaching **this step is a breakthrough** from setting the foundation to creating an environment of simplified, consistent reporting.

Instead of only relying on a yearly Sustainability or Corporate Responsibility report which are usually time-intensive ESG data becomes accessible for at-a-glance snapshots and dashboards that provide stakeholders the information they need, when they need it. This repository also serves as a go-to resource for easy data pulls when "reporting season" comes around.

Example Ideal Outcome: Data is consolidated, with clear charts and dashboards available to easily update. Completed assessments stored and easily accessible.

6 Plan for Actionable Improvements

Finally, with a vision, team, workflow, and reporting structure in place, corporate ESG teams have access to a unified, automated control center for ESG-related initiatives.

By taking these steps, ESG can become a consistent business practice and key performance indicator instead of an ad hoc exercise. As such, a cycle of workflow, planning, improvement, and reporting is integrated across departments, and is consolidated to satisfy customers, investors, regulators, and board-level stakeholders.

Ideal Outcome: ESG becomes not an ad hoc or once a year manual reporting exercise, but an ongoing programme that is continuously tracked and improved upon.

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