I’ve spent the better part of my career researching how ESG issues impact financial performance and investment decisions. In my view, two things are true: corporate ESG initiatives can have a positive and measurable financial return, and we must demand more from business leaders than enthusiasm or “gut feel” to objectively evaluate ESG.

The ESG landscape is evolving, and ESG reporting is at an inflection point. The growing emphasis on ESG data – and the growing recognition of the limitations of data – is fueling a shift toward robust frameworks, standards, and regulation as well as third-party assurance, all presenting new challenges for organizations that may struggle to keep up with the rapid pace of change.

What follows is a report from Workiva highlighting the results of a global survey, developed with my consultation, that asked ESG practitioners to share details about their work as it exists today as well as what developments they expect over the next several years.

Practitioners, in this case, are defined as not only professionals with ESG or sustainability in their titles, but anyone that contributes to ESG reporting in a corporate setting. That group seems to grow larger every year and often includes finance and accounting, internal and external auditors, and c-suite executives, among others.

For us to bring discipline and credibility to ESG, business leaders must be prepared to apply an economic lens to ESG initiatives. By the same token, investors must accept that economic principles do not always fit neatly into business operations. I can think of no better way to start bridging that divide than to hear from the operators themselves.

Alex Edmans
Professor of Finance
London Business School
# Table of Contents

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- Key Findings ................................................... 04
- The ESG Reporting Landscape ................................. 05
- Practitioner Perspectives ...................................... 08
- Finding Value in ESG ........................................... 11
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Key Findings

**Businesses worldwide are grappling with ESG complexity.**
71% of respondents say three or more internal teams are involved in their company’s ESG reporting processes, and 74% say they expect their organizations will be required to comply with two or more global regulations.

**Practitioners believe ESG reporting drives business value.**
90% of respondents agree that in the next two years, having a strong ESG reporting program will give their organization a competitive advantage.

**Technology is key to unlocking value in ESG.**
95% of respondents agree that technology will be critical to successfully managing the ESG reporting process. 97% agree that access to technology and data will play an essential role in making decisions to advance their ESG strategy in the future.

**There is a disconnect between executives and employees.**
87% of executives say their organizations have dedicated staff to oversee ESG reporting, compared to 68% of managers.

62% of executives strongly agree their company applies the same diligence to ESG reporting as it does to financial reporting. Just 32% of managers say the same.
The ESG Reporting Landscape

ESG practitioners are facing a wide range of challenges.

ESG encompasses business risk and opportunity, but what are global organizations up against when it comes to ESG reporting? We asked respondents to select their organization’s top three ESG reporting challenges, but a clear winner failed to emerge.

Which of the following do you consider to be the biggest challenges for your organization regarding ESG reporting?

- Measuring qualitative initiatives (e.g. DE&I) 40%
- Complying with ESG frameworks and standards 39%
- Compiling data from multiple sources 39%
- Measuring specific issues (e.g. GHG emissions) 38%
- Validating data for auditing and assurance 37%
- Complying with regulation 33%
- Communicating progress to stakeholders 25%
- Not having the right technology in place 19%

This suggests there is no one specific challenge plaguing practitioners across the board. Instead, when it comes to ESG reporting, most organizations are likely facing several challenges that are dependent on their location, size, industry, and how long they’ve been reporting on ESG issues.
1.1 The ESG Reporting Landscape

At the same time, organizations are grappling with ESG’s complexity.

It’s been said ESG is a team sport. At the majority (71%) of organizations, three or more internal teams are involved in ESG reporting, and nearly half (43%) of respondents say four or more teams are involved.

What departments or teams are involved in your organization’s ESG reporting?

- 57% Executive leadership
- 46% Sustainability / ESG Operations
- 41% IT / Technology
- 37% Corporate Communications / Corporate Affairs
- 36% Finance / Accounting
- 35% Internal Audit / Risk Management
- 32% Operations
- 23% Investor Relations
- 20% Legal
- 18% Marketing
- 16% Procurement
- 10% Sales

The majority of ESG practitioners expect their organizations will be required to comply with at least two global regulations or regulatory bodies. Three-quarters (74%) of organizations worldwide expect to comply with two or more regulations, and nearly half (47%) expect to comply with three or more.

Which of the following regulations and regulatory bodies does your organization expect to comply with?

- 59% ASX Corporate Governance Council
- 40% CSRD (Corporate Sustainability Reporting Directive)
- 38% SEC (U.S. Securities Exchange Commission)
- 32% German Federal Financial Supervisory Authority (BaFin)
- 28% UK Corporate Governance Code
- 25% Office of the Superintendent of Financial Institutions (OSFI)
- 21% Hong Kong Monetary Authority (HKMA)
- 14% Japan Financial Services Agency (JFSA)
- 7% Other

Organizations that have been reporting on ESG the longest are more likely to involve their internal audit or risk management teams in the process. 39% of organizations that have been reporting ESG for more than five years report including this department, compared to just 23% of those that have been reporting on ESG for less than two years.
1.2 The ESG Reporting Landscape

Complexity and reporting challenges are driving operational change.

The challenges and complexity in ESG reporting may be contributing to operational change. 74% of those surveyed say they have dedicated internal employee(s) to ESG-specific roles to oversee reporting and initiatives, up 6% from Workiva’s 2022 ESG practitioner survey. Another 19% say they have plans in place to do so.

The rising number of roles dedicated to ESG reporting may reflect its increasing significance among investors and other stakeholders as well as an acknowledgment of ESG’s challenges and complexity.

Has your organization appointed anyone internally to an ESG-specific role to oversee reporting and initiatives?

- **2022**
  - Yes: 68%
  - No, and we are not planning to do so: 7%
  - Not yet, but we are planning to do so: 25%

- **2023**
  - Yes: 74%
  - No, and we are not planning to do so: 6%
  - Not yet, but we are planning to do so: 19%
Practitioner Perspectives

Practitioner viewpoints vary — but perhaps not how you’d expect.

Responses to several questions were consistent regardless of location or company makeup. Take, for example, how ESG reporting is being managed around the world and at companies of different sizes.

### Has your organization appointed anyone internally to an ESG-specific role to oversee reporting and initiatives?

<table>
<thead>
<tr>
<th>Region</th>
<th>Yes</th>
<th>Not yet, but we are planning to do so</th>
<th>No, and we are not planning to do so</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>79%</td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td>North America</td>
<td>73%</td>
<td>20%</td>
<td>7%</td>
</tr>
<tr>
<td>APAC</td>
<td>69%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>250 - 5000 employees</td>
<td>73%</td>
<td>22%</td>
<td>5%</td>
</tr>
<tr>
<td>5,001 - 10,000 employees</td>
<td>76%</td>
<td>20%</td>
<td>4%</td>
</tr>
<tr>
<td>More than 10,000 employees</td>
<td>75%</td>
<td>16%</td>
<td>9%</td>
</tr>
</tbody>
</table>
2.1 Practitioner Perspectives

So where did we uncover discrepancy?

Our research shows that viewpoints vary based on seniority. 62% of executives strongly agree that their company applies the same diligence to ESG reporting as it does to financial reporting. However, only 32% of managers express the same sentiment.

Likewise, 87% of executives say they have appointed someone internally to an ESG-specific role compared to just 67% of managers.

This perspective gap may indicate the operational changes business leaders are making are insufficient or not being fully implemented as they intended.

Strongly agree: I feel that my company applies the same diligence to ESG reporting as it does to financial reporting.

<table>
<thead>
<tr>
<th></th>
<th>Executives</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>62%</td>
<td>32%</td>
</tr>
<tr>
<td>Managers</td>
<td>87%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Yes: Has your organization appointed anyone internally to an ESG-specific role to oversee reporting and initiatives?
2.2 Practitioner Perspectives

**A further disconnect between executives and management.**

Additionally, when asked about challenges in ESG reporting, executives say they are most concerned with regulatory compliance and measurement of qualitative initiatives, while managers say they are struggling with a lack of adequate technology and obtaining reasonable assurance.

These results indicate there is a significant disconnect between how executives and employees perceive ESG reporting and related challenges within their organizations. They may also suggest businesses are not fully prepared to overcome ESG reporting challenges like complying with new regulation.

- **Executives**
  1. Complying with multiple global standards
  2. Measuring qualitative initiatives (e.g. DE&I)

- **Managers**
  1. Lack of technology
  2. Obtaining reasonable assurance
2.3 Practitioner Perspectives

**Practitioners agree ESG reporting drives value.**

Regardless of this internal disconnect, the evidence is clear: ESG practitioners at all levels overwhelmingly agree ESG reporting generates business benefits.

More than half say ESG has already improved their organization’s brand awareness and/or reputation. Nine out of ten agree that in the next two years, having a strong ESG reporting program will give their organization a competitive advantage.

Which of the following do you foresee as opportunities created for your organization as a result of enhancing its ESG disclosures?

- 71% Increased transparency
- 48% Improved decision making from data
- 47% Increased brand awareness and/or reputation
- 44% Increased investor trust and confidence
- 41% Reduction of risk related to climate change
- 40% Improved employee recruitment and/or retention
- 39% Improved customer recruitment and/or retention
- 35% Improved relationships with suppliers
- 22% Other

The emphasis on ESG reporting by organizations that are planning an IPO in the near future reflects the importance investors see in reliable and consistent reporting.

**IPOs reflect ESG’s influence on capital markets.**

The advantages and opportunities created by ESG reporting are underscored by their influence on capital markets.

- **53%** of private companies that are planning an IPO in the next three years strongly agree they apply the same diligence to ESG reporting as financial reporting, compared to less than a third (31%) of privately held companies that are not planning an IPO.

- **49%** of private companies that are planning an IPO in the next three years strongly agree having a strong ESG reporting program will give their organization a competitive advantage in the next two years, compared to less than a third (28%) of privately held companies that are not planning an IPO.
3.0

Finding Value in ESG

Generating value from ESG reporting requires time and resources.

Organizations that have been reporting on ESG for five years or more report the greatest benefits from ESG reporting.

What business value, if any, has ESG already generated for your organization?

Similarly, practitioners from organizations that have appointed someone to oversee ESG reporting and initiatives have a more positive outlook on their organization’s future.

Which of the following do you foresee as opportunities created for your organization as a result of enhancing its ESG disclosures?

<table>
<thead>
<tr>
<th>Has your organization appointed an ESG-specific role?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved customer recruitment and/or retention</td>
<td>42%</td>
<td>31%</td>
</tr>
<tr>
<td>Improved relationships with suppliers</td>
<td>39%</td>
<td>26%</td>
</tr>
<tr>
<td>Increased investor trust and confidence</td>
<td>46%</td>
<td>38%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>More than 5 years</th>
<th>3-5 years</th>
<th>2-3 years</th>
<th>Less than 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved brand awareness and/or reputation</td>
<td>57%</td>
<td>51%</td>
<td>52%</td>
<td>49%</td>
</tr>
<tr>
<td>Cost savings</td>
<td>49%</td>
<td>39%</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>Reduction of risk related to climate change</td>
<td>48%</td>
<td>47%</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Improved customer recruitment and/or retention</td>
<td>45%</td>
<td>46%</td>
<td>42%</td>
<td>34%</td>
</tr>
<tr>
<td>Improved investor relationships</td>
<td>45%</td>
<td>44%</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Improved employee recruitment and/or retention</td>
<td>40%</td>
<td>36%</td>
<td>38%</td>
<td>30%</td>
</tr>
<tr>
<td>Better insurance/credit agency engagement</td>
<td>29%</td>
<td>34%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>None so far</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>15%</td>
</tr>
</tbody>
</table>
3.1 Finding Value in ESG

The right technology can offset ESG challenges and complexity.

Nearly all of those surveyed (95%) agree having adequate technology is critical to successfully managing the ESG reporting process — a 19% increase over results in Workiva's 2022 ESG practitioner survey.

% of ESG practitioners that consider technology important in addressing the following areas:

- Compiling data from multiple sources and collaborating with other teams: 94%
- Complying with new regulations: 94%
- Mapping disclosures to regulations, frameworks, and standards: 94%
- Analyzing data and extracting insights to improve decision making: 93%
- Responding to stakeholder questionnaires: 93%
- Reporting to board members and executives: 92%
- Validating data for audit/assurance: 91%
- Measuring scope 1, 2, 3 emissions: 90%
- Managing a materiality assessment and stakeholder engagement: 90%

In fact, across the board, practitioners overwhelmingly agree technology is considered important in addressing major ESG reporting challenges.
3.2 Finding Value in ESG

**Those most successful at using technology see the most value.**

One third (35%) of ESG practitioners say their organization is “very successful” at using technology for insights and data to make decisions on ESG strategy. Diving into this segment gives us insight into how technology can help address the challenges and complexity in ESG reporting and enable organizations to extract more value from their reports.

As the chart illustrates, practitioners that say their companies are very successful at using technology for ESG reporting are more likely to say ESG has generated specific business benefits at their organizations. **This group is also more than twice as likely to agree that technology is important to complying with regulation.**

What business value, if any, has ESG already generated for your organization?

<table>
<thead>
<tr>
<th>Business Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved brand awareness and/or reputation</td>
<td>57%</td>
</tr>
<tr>
<td>Cost savings</td>
<td>55%</td>
</tr>
<tr>
<td>Improved customer recruitment and/or retention</td>
<td>51%</td>
</tr>
<tr>
<td>Improved investor relationships</td>
<td>49%</td>
</tr>
<tr>
<td>Reduction of risk related to climate change</td>
<td>49%</td>
</tr>
<tr>
<td>Improved employee recruitment and/or retention</td>
<td>42%</td>
</tr>
<tr>
<td>Better insurance/credit agency engagement</td>
<td>41%</td>
</tr>
<tr>
<td>None so far</td>
<td>2%</td>
</tr>
</tbody>
</table>
3.3 Finding Value in ESG

Technology will play a key role in the future of ESG reporting.

97% of all respondents agree that access to technology and data will play an essential role in making decisions to advance their ESG strategy in the future.

92% of all respondents agree their organization will allocate more budget to technology to support ESG initiatives in the next three years.

Technology empowers organizations to streamline their ESG reporting processes, enhance data quality and transparency, engage stakeholders effectively, and drive continuous improvement in sustainability practices. It plays a vital role in ensuring the credibility and integrity of ESG reporting, ultimately contributing to the financial success of an organization as well as its sustainability goals.

As ESG practitioners around the world brace for new regulation and contend with updated frameworks and standards, technology will enable ESG reporting that is efficient, integrated, and assured.
Survey Methodology

Participants

<table>
<thead>
<tr>
<th>Job Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-level / Executive leadership</td>
<td>22%</td>
</tr>
<tr>
<td>President / Vice President</td>
<td>12%</td>
</tr>
<tr>
<td>Senior Director / Director</td>
<td>27%</td>
</tr>
<tr>
<td>Senior Manager / Manager</td>
<td>36%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Recurring Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1B or more</td>
<td>45%</td>
</tr>
<tr>
<td>$750 - $999M</td>
<td>23%</td>
</tr>
<tr>
<td>$500M - $749M</td>
<td>19%</td>
</tr>
<tr>
<td>$250M - $499M</td>
<td>13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 50,000 employees</td>
<td>19%</td>
</tr>
<tr>
<td>10,001 - 50,000 employees</td>
<td>18%</td>
</tr>
<tr>
<td>5,001 - 10,000 employees</td>
<td>23%</td>
</tr>
<tr>
<td>501 - 5,000 employees</td>
<td>34%</td>
</tr>
<tr>
<td>250 - 500 employees</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>30%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>17%</td>
</tr>
<tr>
<td>Australia</td>
<td>10%</td>
</tr>
<tr>
<td>Canada</td>
<td>9%</td>
</tr>
<tr>
<td>Japan</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>8%</td>
</tr>
<tr>
<td>France</td>
<td>6%</td>
</tr>
<tr>
<td>Singapore</td>
<td>6%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5%</td>
</tr>
</tbody>
</table>

Ascend2 benchmarks the performance of business strategies and the tactics and technology that drives them. To collect the data in this report, Ascend2 used a custom online questionnaire to survey 926 ESG (environment, social, and governance) practitioners in July 2023. The questionnaire was developed by Workiva and Ascend2 in consultation with Alex Edmans.

All survey participants confirmed they have knowledge of or responsibility for ESG reporting within their respective organizations. The survey targeted corporate professionals from teams typically involved in ESG reporting, including executive leadership, finance and accounting, ESG and sustainability operations, internal audit and risk management, IT, and legal.
About the Research Partners

**Alex Edmans** is a Professor of Finance at London Business School. Edmans has conducted extensive research on the impact of ESG factors on financial performance and shareholder value. His book, *Grow the Pie: How Great Companies Deliver Both Purpose and Profit*, and other projects explore how responsible business practices, such as addressing climate change, promoting diversity and inclusion, and fostering good governance, contribute to corporate success.

**Ascend2** conducts comprehensive research studies and surveys to gather insightful data on B2B and consumer behavior, industry trends, and competitive landscapes. Leveraging a team of experienced researchers and cutting-edge methodologies, Ascend2 is a trusted partner for companies seeking to optimize their marketing initiatives and stay ahead in a rapidly evolving business landscape. For more about Ascend2, visit [ascend2.com](http://ascend2.com).

Workiva offers the world’s only unified platform for assured integrated reporting. The Workiva platform brings together financial reporting, Environmental, Social, and Governance (ESG), and Governance, Risk, and Compliance (GRC) to simplify complex reporting challenges and meet stakeholder demands for action, transparency, and disclosure of financial and non-financial data. Learn more at [workiva.com](http://workiva.com).