

Implementing a sustainability strategy at boardroom level - a practical roadmap

While nearly two-thirds of global business leaders expect to transform their sustainability strategies in the next three to five years, they will need to prioritise the shift from planning to implementation.



Bongwiwe Mbunge, business sustainability partner at Mazars, South Africa

This is according to Bongwiwe Mbunge, business sustainability partner at Mazars in South Africa, whose perspective leans on the results of the most recent Mazars C-Suite Barometer – an annual study that surveys more than 1000 business executives around the world, engaging them on their companies' future prospects, attitudes and topical issues.

Sustainability budget bottlenecks a critical factor

According to the barometer, funding remains the most significant barrier to ESG (environmental, social and governance) investment – a reality that can be attributed to the fact that sustainability budgets are determined at the level of finance directors. In Mbunge's experience, herein lies the crux of the problem.

As she explains: "Traditional financial executives are not trained on pre-financial and non-financial information to enable them to have a full appreciation and practical solution-orientated lens to embed a sustainability strategy. As a result, budget initiatives are often disjointed from the strategy required by the business. We regard the closing of this knowledge gap to be imperative in empowering more businesses to make this much-needed transition."

For Mbunge, a greater appreciation of the importance of sustainable transformation needs to be engendered at the level of the boardroom. With mounting pressures from employees, customers, investors, governments and civil society, the threat to the ongoing viability of businesses if boards fail to address ESG matters effectively is increasingly substantial. As she asserts, "Awareness must be followed closely by action, with an articulation of the governance aspects of ESG."



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Seven dimensions of success in implementing a sustainability strategy

Drawing on insights from the recently published, [Practical Guide for Boards and Leadership Teams on Sustainability](#), also by Mazars, Mbunge explains that business leaders can demonstrate their commitment to sustainability objectives by minimising their carbon footprint, adopting fair human rights policies, offering secure employment at living wages, treating their customers fairly, building ethical and environmentally friendly supply chains and implementing transparent and balanced tax policies.

The guide identifies seven critical success factors for sustainable boards and leadership teams. Firstly, 'leading from the top', means that executive teams need to serve as role models in promoting the leadership's stance on and approach to sustainability. This will require a demonstrable level of willingness to make decisions that may have a short-term adverse impact on profitability, but in the long-term, will produce favourable results in terms of 'profit, the planet, and people'.

Secondly, every business should have an 'inspiring, durable and credible purpose'. For leadership teams, as Mbunge expands, this means asking introspective questions like: "Does our company's statement of purpose fully encompass sustainability?" and "Are the culture and strategy aligned with the purpose?"

Becoming 'stakeholder orientated' is another crucial success factor that should manifest as clear goals and priorities. For example, in relation to matters concerning employees, companies should have clear policies and measurable targets with regards to diversity and inclusion, including gender and ethnic diversity in senior roles, along with processes to monitor and report on the progress being made in meeting these goals.



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Organisational culture of sustainability

Then, developing a strong organisational culture of sustainability is key. "This factor concerns all aspects of sustainability, including the business's environmental impact policies, protocols around the treatment of employees and clients, and fairness within governance structures. Here, leaders should be called upon to conduct regular reassessments of whether a company's actions on a grassroots-level are aligned with the upholding of human rights, the implementation of strong values and how the company's purpose filters into every area of its operation," says Mbunge.

Furthermore, she explains that sustainability needs to be deeply embedded throughout the business, with the onus being placed on the prevailing leadership structures to ensure that there are controls, information systems and processes to measure the delivery of this objective.

Mbunge adds, “Sustainability as a broad target needs to be refined in several micro-targets at the level of compliance, employee remuneration, staff incentivisation and internal communications – here, at the most finite of levels is where the true culture of a company manifests.”



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Sustainability as a journey

Sustainability needs to be viewed as a journey rather than a destination, says Mbunge. Taking a ‘strategic approach’ to embracing and committing to that journey is another critical success factor. This objective calls upon management teams to ask themselves questions like: “Does the company’s leadership learn lessons from problems arising and near misses both in the business and in the sector as a whole?”

The final success factor is ‘openness in reporting’ – the importance of which can be linked back to the results of the barometer which show that currently 63% of businesses produce regular sustainability reports, with a further 25% planning to do so in the next 12 months. Here, the financial services sector is leading the way, followed closely by technology and telecommunications.

Mbunge concludes that, “Providing executive teams with a practical framework for implementing sustainability strategies is critical in order to avoid ongoing tick-box exercises where a strategy only sees the light of day at quarterly meetings”.

This empowers executives with a legitimate understanding on the practical and sustainable aspects of integrating a sustainability strategy. This is a strategy that goes beyond a corporate social responsibility initiative, it's aimed to enable the business to practically live out its purpose while earning responsible profits.

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