

# Environmental, Social and Governance (ESG) Programs Accelerate



ARTICLE 06.08.21 DEAN DORTON

Public companies have seen the need to implement ESG programs to enhance stakeholder value through the company's commitment to the future. Investors have been factoring into investment decisions the presence of an ESG program that focuses on sustainability. To help companies attract investors, Nasdaq launched an ESG Advisory Program in 2019. The program lays out ESG metrics that provide investors a clear understanding of the company's sustainability objectives.

In 2020 Nasdaq rolled out an ESG platform for public companies that allows a portal to input ESG factors and the service generates meaningful ESG metrics and accommodate the different sustainability frameworks that rating agencies and stakeholders expect.

"Our clients face several challenges with the ESG reporting process, including the lack of control over data management and survey fatigue due to the variety of raters and reporting frameworks," said Nelson Griggs, President of the Nasdaq Stock Exchange. "We believe that we are uniquely positioned to solve for these challenges given the thousands of clients who rely on Nasdaq for counsel on a range of sustainability and governance-related issues. The new platform will broaden our strategic collaboration with corporates who are seeking new ways to bring efficiency and simplicity to the ESG reporting process."

The Big Four accounting firms have developed a set of 21 metrics for companies to use for ESG reporting internationally. The metrics are built around four pillars: governance, planet, people, and prosperity.

"The disruptions of 2020 have underscored the critical importance of organizations managing and reporting their impact on the economy, the environment and society, and their increasing connection to long-term enterprise value creation," said Deloitte Global CEO Punit Ranjan in a statement. "Deloitte is pleased to have led the development of the Principles of Governance pillar and collaborated on this project with so many respected organizations. We hope our work supports organizations as they move toward consistent reporting of ESG metrics and disclosures in mainstream annual reports, as ultimately, this is how the business community will make greater progress against the Sustainable Development Goals."

Companies view the importance of social, climate and other non-financial factors as crucial for long-term viability and success. A survey by the World Economic Forum found 86 percent of executives agreed that reporting on a set of universal ESG disclosures is important and would be useful for financial markets and the economy. Separately, however, the Securities and Exchange Commission recently approved by a vote of 3-2 changes in a shareholder proposal rule, significantly raising the ownership thresholds required to file and resubmit proposals to corporate boards

on ESG issues such as climate change, diversity and excessive pay. The Council of Institutional Investors blasted the move according to [Accounting Today's article last fall](#).

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