

Checklist: What Qualifications Your Sustainability/ESG Leadership Should Have

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Pressure has increased for many companies to raise the professionalism, function, integration and/or seniority of a company's sustainability leaders – as well as leadership. Much emphasis is placed on the qualifications and expectations related to a specific and singular person designated as a company's sustainability/ESG titular leader. However, consideration should be given to how leaders operate within the specific corporate setting and how that person's position and expertise blends.

It may be helpful to ponder the following:

- A company's ***ESG leader*** is the company's designated manager accountable for program execution and staff performance.
- Company ***ESG leadership*** is the group of staff, management, executives and even Board members that collectively have responsibility for setting policy and performance expectations, and to some extent for day-to-day ESG tasks.

While this is not an exhaustive list, some less apparent considerations in evaluating what traits are and knowledge are needed for ***ESG leaders*** and ***ESG leadership*** include:

1. **Be completely honest about your company's position on ESG.** Not every company is – or needs to be – on the forefront of ESG. When setting expectations or performance goals for an ***ESG leader***, don't hold it out as a mission-critical strategy if it isn't. This candid assessment sets the foundation for success or failure of individuals and the company as a whole. Being clear on this and communicating it internally is important when hiring a new ***ESG leader*** and to ***ESG leadership*** in managing expectations/performance of others, such as employees.
2. **Embedding all ESG responsibility into a single person can be risky.** The ***ESG leader*** should be the designated manager accountable for program execution and staff performance. However, ***ESG leadership*** is a cross functional effort that should include

other individuals. Saddling the **ESG leader** with sole responsibility for delivering all aspects of integration, performance and results is not likely to be successful.

3. **Realize implications of where the ESG leader reports organizationally.** **ESG leadership** should pay attention to where the ESG function is placed within the organization because that speaks to how management values ESG initiatives. For example, at companies emphasizing reporting over program implementation, the **ESG leader** typically reports into Marketing & Communications. In these cases, ESG is not considered an important strategic function and the **ESG leader** may not be imbued with power, credibility or gravitas to be successful.
4. **Recognize the value of more years of experience.** Another reflection of how management values an **ESG leader** is the level of relevant professional experience required. It is common to see job postings for senior titles requiring only five to seven years' ESG experience. **ESG leadership** should understand that with more years of experience, an **ESG leader** should be more prepared to communicate effectively to executives by translating the ESG lexicon to their language, present appropriately formulated business cases and understand how to balance operations and ESG risk management.
5. **Ensure the ESG leader has knowledge of the company's operating environment.** Experience in your specific industry may not be critical but it is important that the **ESG leader** understand basic activities/operations of the company. For instance, it can be difficult to translate ESG concepts from a banking perspective to a heavy manufacturing setting. A mismatch here may create technical misunderstandings, and there is a significant risk of **ESG leadership** emphasizing policies that are aspirational than pragmatic.
6. **Leverage data from your ESG materiality or risk assessment.** Companies that have conducted an ESG materiality or risk assessment can use that information to understand your major needs and inform what capabilities in **ESG leaders** and **ESG leadership** should be prioritized. For example, if packaging waste/design is not high on your risk list, that is not a matter that

should be prioritized in either **ESG leaders** or **ESG leadership**. Certainly the ESG context may change over time and **ESG leadership** may determine how the company should respond.

- 7. Ability to deal with ambiguity.** ESG is a relatively new concept and does not have a clear or universally accepted definition. **ESG leaders** and **ESG leadership** have to be prepared to operate effectively within a certain amount of ambiguity and uncertainty as ESG concepts evolve.