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Practical Steps
towards Implementing ESG

The sustainability of interconnected and complex environmental, social and governance remain a persistent challenge for organizations, communities, and nations. This challenge is centered on climate change, depleting natural resources, social inequality, and poor governance that ranks among the most pressing dilemmas of our generation. There is an expectation that organizations should play a key role in achieving and implementing sustainable practices as to increase social and environmental benefits.

The implementation of environmental, social and governance (ESG), as core sustainability practices, is becoming an integral part of a business strategy- as it drives innovation and new opportunities, and generates sustainable value and development for organizations and societies. What follows are key practical steps that organizations can adopt in order to implement ESG successfully.

1. Prioritize sustainability

Beyond profit maximization, organizations need to focus on the sustainability aspect that can foster performance through enhancing reputation, employee engagement and customer loyalty. Along with this, organizations face increased pressure from governments and other stakeholders to prioritize environmental, social, and governance objectives. As a result, organizations should integrate ESG into their strategic and decision-making processes. For example, managers are required to prioritize sustainability initiatives by selecting suppliers who can comply with environmental standards.

2. Engage stakeholders

Organizations need to engage multiple stakeholders (e.g., employees, governments, private/public organizations, suppliers, consumers, and other stakeholders) as environmental, social, and governance development can rarely succeed in isolation. A successful and sustainable development requires an inclusive approach with different stakeholders. For instance, reducing the overuse of natural resources and increasing responsible consumption can only be realized with strong partnerships and collaboration among producers, suppliers and consumers.

Such collaboration enables innovation of new source reduction strategies, reduction of waste, cleaner production, and responsible energy consumption.

Meet the **Author**

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4. Manage risk

Organizations must be able to identify, assess, and manage risks associated with sustainability practices. The ability to track and manage risks related to environmental (e.g., carbon emissions), social (e.g., human rights and worker conditions), and governance (e.g., board of directors' attitude and organizational structure) progress is important. For instance, the use of natural resources and the impact of operations within the supply chain pose a significant harm to the environment in terms of toxic chemicals, waste, and gas emission.

5. Promote sustainability reporting

Organizations need to report their sustainability activities as a way to communicate to stakeholders about their social, environmental, and governance practices and actions.

This external communication is necessary as it enables organizations to build a positive corporate image to sustain their competitiveness. In fact, it is not sufficient for organizations to simply engage in sustainability activities, but it is also crucial and desirable to make information about these activities available to stakeholders.