

Aruba, August 5, 2014 - Company leaders are increasingly seeing the value of incorporating sustainability into their businesses to address environmental, social and governance (ESG) issues, according to a survey conducted by consultancy firm McKinsey.

The results suggest that sustainability is becoming a more integral part of businesses. Some 43% said their companies are seeking to align their sustainability with their overall goals, mission or value, compared to the 30% that said this in 2011. McKinsey links this trend to business leaders themselves placing more importance on sustainability, the number of CEOs that described it as their top priority was double that seen two years ago.

In previous years many respondents have cited that they undertake sustainability processes in order to cut costs. However, there has been a shift away from this reasoning with just 26% citing it this year, compared to 36% in 2012. The number of participants citing reputational benefits has remained stable with 36% linking improved reputation to financial benefits.

Despite the growing interest in sustainability there are still challenges, particularly around assessing the value of sustainable policies and integrating it into the business.

McKinsey stated, "As sustainability rises in significance, capturing its full value grows more challenging – perhaps because the more that companies prioritise sustainability, the more it needs to be integrated into (and even change) the core business.

"At companies that are already taking action, respondents most often cite challenges related to execution: the absence of performance incentives and the presence of short-term earnings pressure that's at odds with the longer-term nature of these issues."

The executives also highlight accountability as an issue, with 34% saying too few people at their companies are accountable for sustainability, suggesting that integration and cooperation among departments is needed and wanted. Companies that aren't pursuing sustainability activities highlight a lack of leadership prioritisation as the biggest challenge.

Source:

<http://blueandgreentomorrow.com/2014/08/02/mckinsey-company-leaders-rallying-behind-sustainability>