



C-suite Insights:
Sustainability
and ESG Trends Index

Ernst & Young LLP recently conducted a pulse survey of more than 500 C-suite executives of Fortune 1000 companies across industries.

You could almost be forgiven of late for feeling that sustainability and ESG (environmental, social and governance) has lost a little of its appeal. Or that perhaps the fast-paced momentum of the trend has slowed for some leaders. The truth is, when any game-changing new business thinking arrives in the pervasive way sustainability and ESG has, that trend can often peak rapidly. But as we all set course for 2023 and beyond, it's important to separate the mission-critical relevance of sustainability and ESG in modern business from the attention and corporate buzz it generated in 2022. Ernst & Young LLP recently commissioned a survey on the business relevance of sustainability and ESG initiatives. Responses from the C-suite across a number of Fortune 1000 companies confirm what many of us suspected: ESG is still very much in the sights of American executives and at the top of every agenda. So, as you plot your own ESG agenda for the coming year, take a look at how peers are viewing this business imperative for the year ahead.

The survey: executives say yes to sustainability and ESG

The C-suite Insights: Sustainability and ESG Trends Index targeted more than 500 C-suite leaders and members of executive management at US organizations with revenues of \$1.5 billion or more. Of all respondents, 91% held C-suite leadership positions. Our team asked questions related to one overarching issue: just how important is sustainability and ESG in business today? The

overwhelming and definitive response: very. From our survey, every single respondent indicated sustainability and ESG issues are important to their organization, with 87% believing those initiatives are very to extremely important to their businesses and long-term success.

91%

of all respondents
held C-suite
leadership positions.

87%

of all respondents believe
sustainability and ESG initiatives
are very to extremely important.



Sustainability and ESG initiatives alive and well

Integrating sustainability into the business model is now an imperative for every organization. ESG and sustainability priorities can deliver the transparency investors seek, the workplace cultures and practices that employees demand, and the focus on environmental issues that shape consumer behavior. In our survey executives agree, but where 2021 and much of 2022 may have been more about ESG strategy and program building, momentum on real and diverse sustainability and ESG initiatives is now fully under way for many organizations.

Half of respondents highlighted company sustainability initiatives around the development and commercialization of sustainable products, or the development of more agile and sustainable supply chains for the future of their businesses: a critical success factor to mitigate ongoing and predicted disruptions. As many as 82% of surveyed leaders confirm their organizations have both carbon emissions reductions initiatives in place and goals to reach net zero by a given year. And more than two out of five executives also reported a focus on sustainability and ESG initiatives more related to social equity, a key concern for employees, customers and other stakeholders.

82%

of surveyed leaders confirm their organizations have both carbon emissions reductions initiatives in place and goals to reach net zero by a given year.



Greater attention on workforce wellbeing

In the reshaped American and global workplace, employee wellbeing and satisfaction is essential for effective day-to-day business as well as long-term growth. Beyond attracting talent in a tight labor market, many organizations are adopting sustainability and ESG initiatives to improve overall employee conditions, supporting health and productivity. In fact, 61% of leaders say

addressing employee health and overall wellbeing is critical to the success of their organizations. Fifty-eight percent believe in addressing economic impact, including fair wages, and the vast majority (87%) of leaders support and report diversity in their workplace.

61%

of leaders say employee health and overall wellbeing is critical to success.

87%

of leaders support and report diversity in their workplace.



Reporting preparedness on the rise but work to be done

Our recent [EY Global Reporting and Institutional Investor Survey](#) highlighted the continued importance of sustainability and ESG strategies and reporting to the investment community. As investors now demand greater transparency from public companies, the regulatory landscape evolves and the SEC proposal for climate-related disclosures for public companies makes reporting more stringent, more organizations are seeing ESG and sustainability as a way to demonstrate commitment and

enhance reputation beyond simply financial performance. Almost half of leaders (48%) reported a greater priority for, and focus on, measurement protocols and reporting standards. If the proposal becomes finalized in the coming year, 84% of executives also say their organizations are prepared to act, leaving one in six leaders indicating their businesses are not prepared for enhanced reporting requirements, or at present, that remains to be determined.

48%

of leaders reported a greater priority for measurement protocols and reporting standards.

84%

of executives say their organizations are prepared to act.



Leaders gearing up organizational structures for ESG initiatives

Sustainability and ESG initiatives are becoming a central strategy to building long-term value. Organizations are both investing in the structural changes necessary to drive sustainability priorities and also becoming aware of the impact – both positive and negative – that sustainability and ESG performance can have on their businesses. Fifty-four percent of leaders now see environmental issues, and 52% view technology, as emerging sustainability and ESG risks as the landscape evolves and initiatives gain more visible momentum.

To help focus management efforts, changes are afoot within organizational structures. Just a few short years ago the role of chief sustainability officers (CSOs) was far less widespread than in modern organizations. Today 81% of survey respondents say they have a CSO or equivalent position within their leadership hierarchy, focused on developing the sustainability strategies critical to achieving long-term business goals. Just over a third of those CSOs have a direct line of reporting to the CEO of their business, with 25% reporting into other executive leaders, demonstrating the commitment to, and integration of, ESG strategy at the very highest levels of organizations.

54%

of leaders see environmental issues, and 52% view technology, as emerging sustainability and ESG risks.

81%

of survey respondents say they have a CSO or equivalent position within their leadership hierarchy.



Board involvement in ESG and sustainability matters has also gained momentum, with nine out of 10 executives reporting board oversight of their organizations' sustainability and ESG agendas in an effort to track performance against goals and provide greater transparency for investors.

Aside from internal structures, collaboration is also a key strategy for many. Between 86% and 91% of C-suite leaders report their organizations are greenlighting and boosting both industry and public-private ESG and sustainability collaborations. Expect this to continue into 2023 and beyond.

At the EY organization, we believe sustainability is everyone's business. While one survey cannot capture the full breadth of sustainability and ESG initiatives under way in the business landscape, corporate America is moving beyond seeing these simply as a trend. It is clear that sustainability and ESG will remain business imperatives for the year ahead.

**9^{out}
of 10**

executives report board oversight of their organizations' sustainability and ESG agendas.

86%-91%

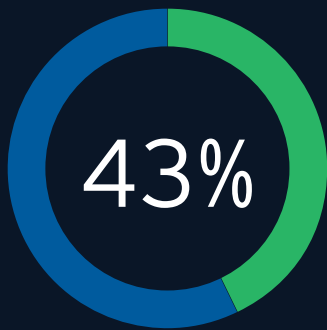
of C-suite organizations are greenlighting and boosting both industry and public-private ESG and sustainability collaborations.

Survey by the numbers

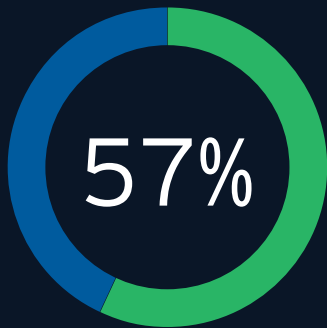


Job function

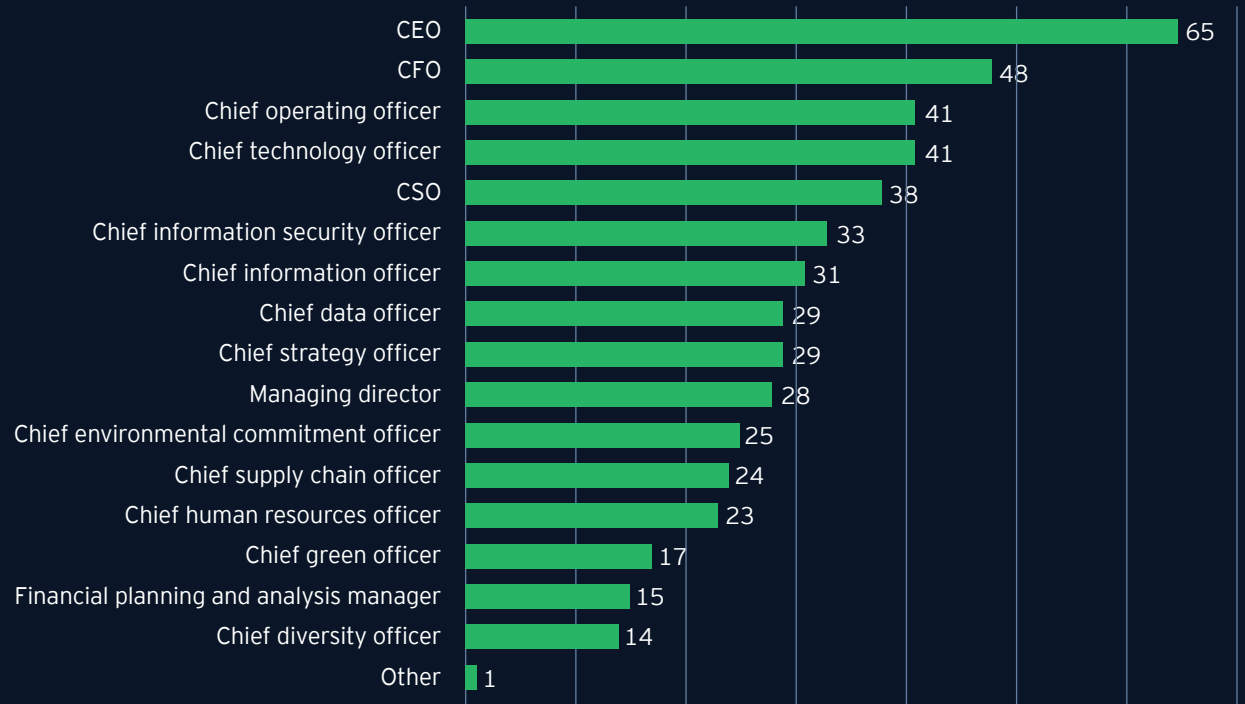
The highest percentage of respondents are CEOs at 13%, followed by CFOs at 10%.



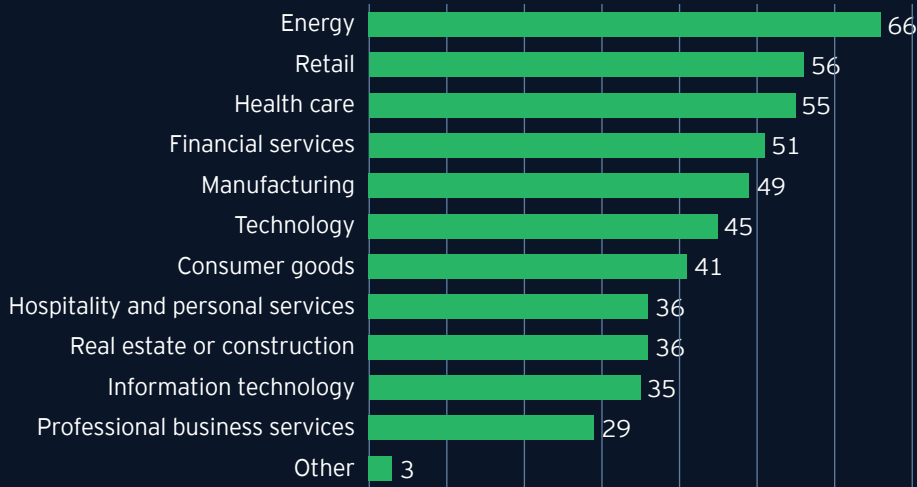
Traditional C-suite



Contemporary C-suite

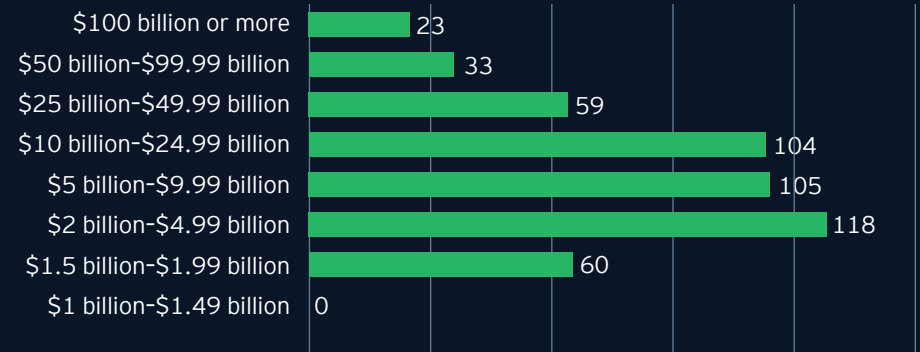


Current employer's industry



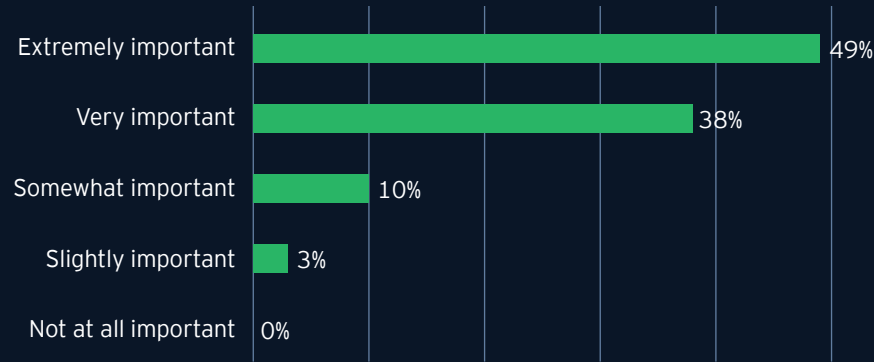
Energy (13%), retail (11%), and health care (11%) are the highest among the current employers' industries.

Organization's annual revenue

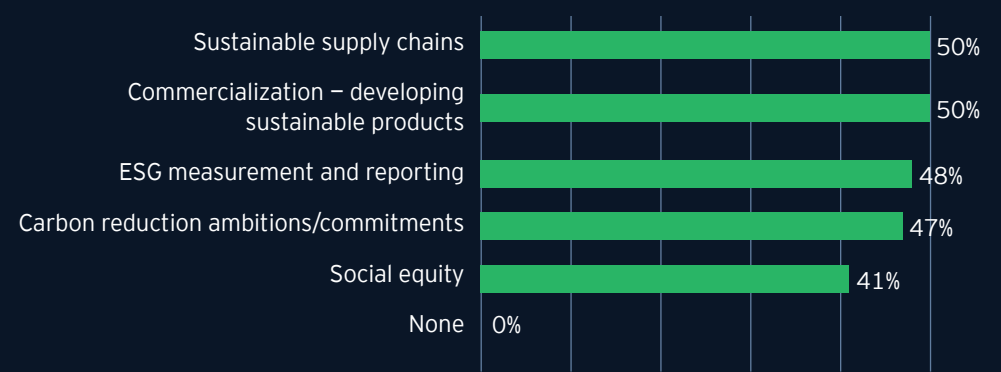


Twenty-four percent of the respondents said that their organization's annual revenue is \$2 billion-\$4.99 billion.

How important do you believe sustainability and ESG initiatives to be to your organization?

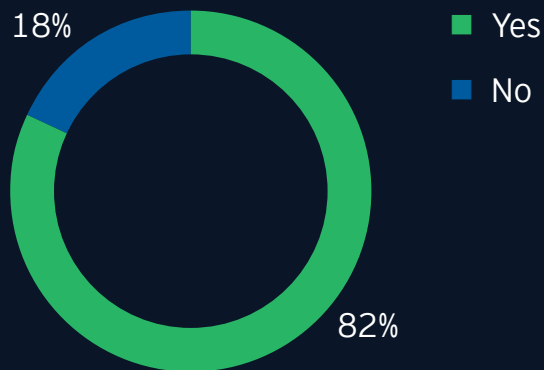


What elements of sustainability and ESG initiatives is your organization working on?

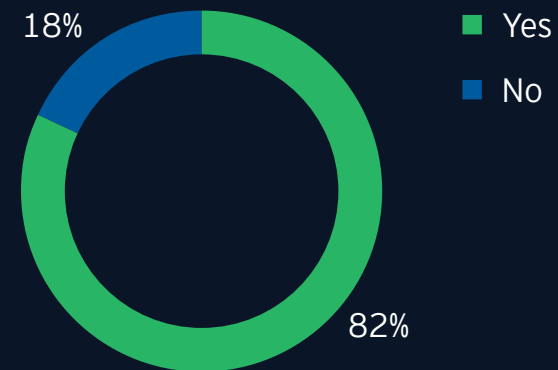


Carbon reduction commitments

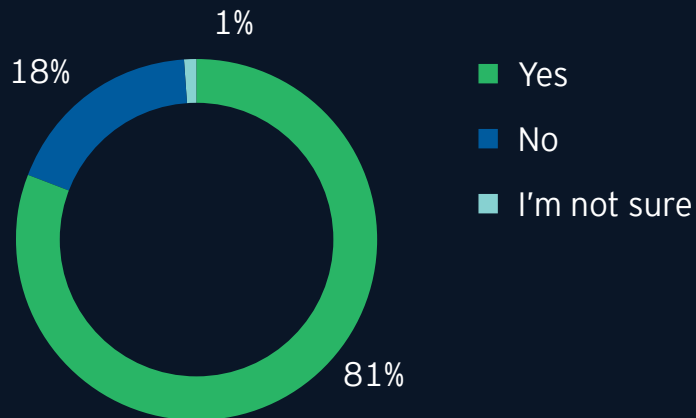
Does your organization have a public carbon reduction commitment?



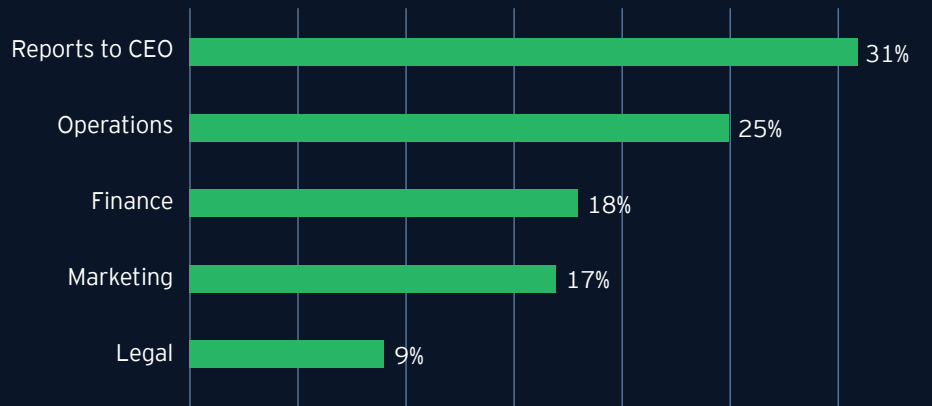
Has your organization set a goal to reach net zero by a specific year?



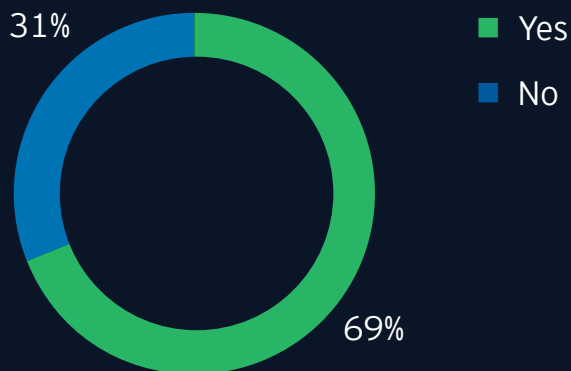
Does your organization have a CSO or equivalent executive with that responsibility?



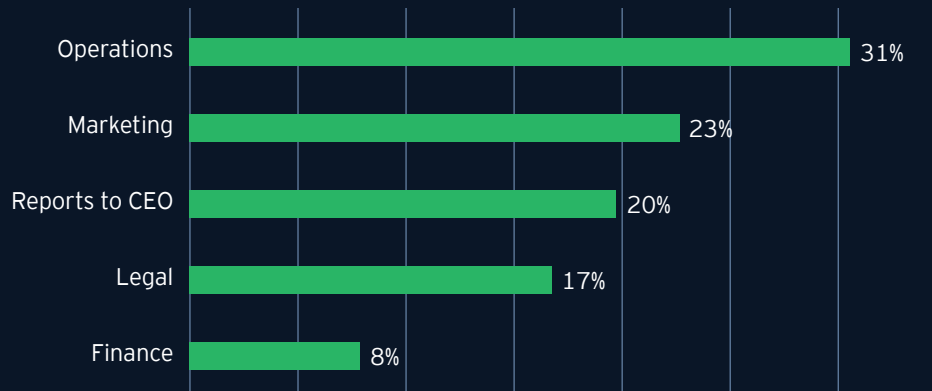
What part of the organization does the CSO or equivalent roll into?



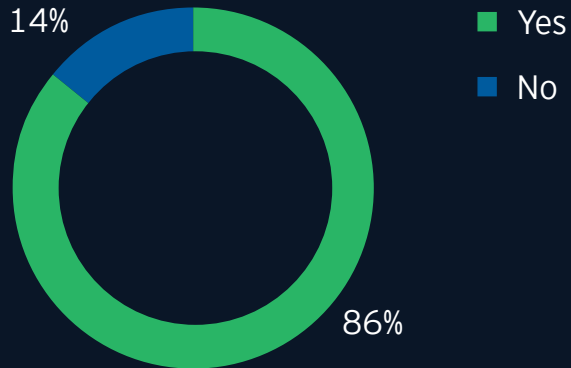
Is your organization planning to hire a CSO or equivalent within the next 6 to 12 months?



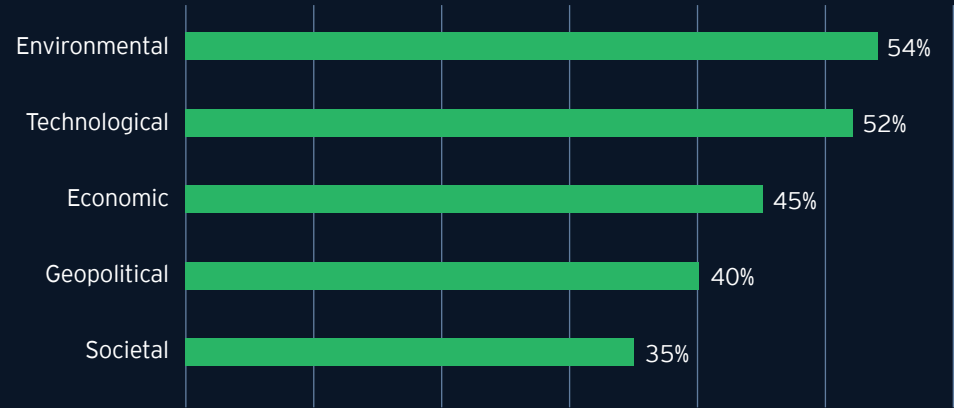
What part of the organization would the CSO or equivalent roll into?



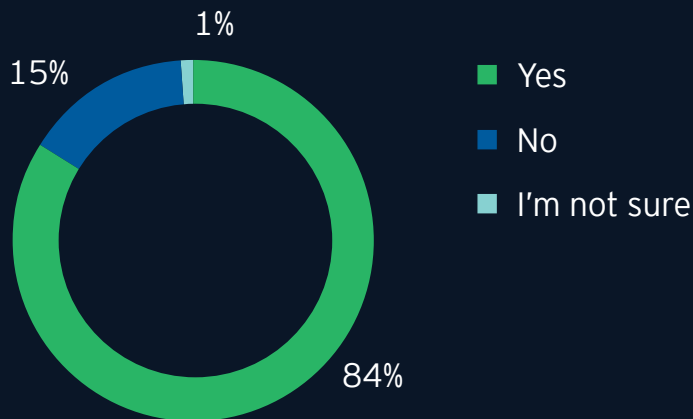
Does your board of directors have oversight to the organization's sustainability and ESG agenda?



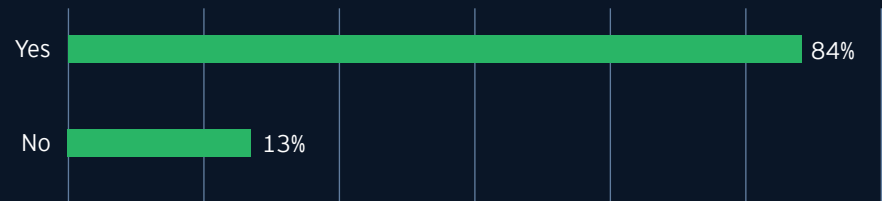
Which of the following does your organization view as emerging sustainability and ESG risks?



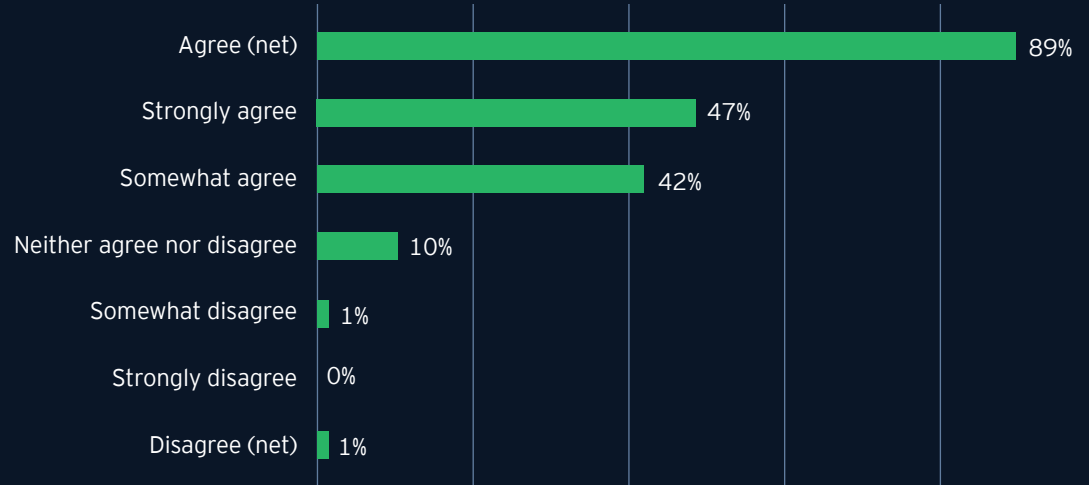
Is your organization prepared to act should the SEC proposal regarding climate-related disclosures for public companies in the United States be finalized?



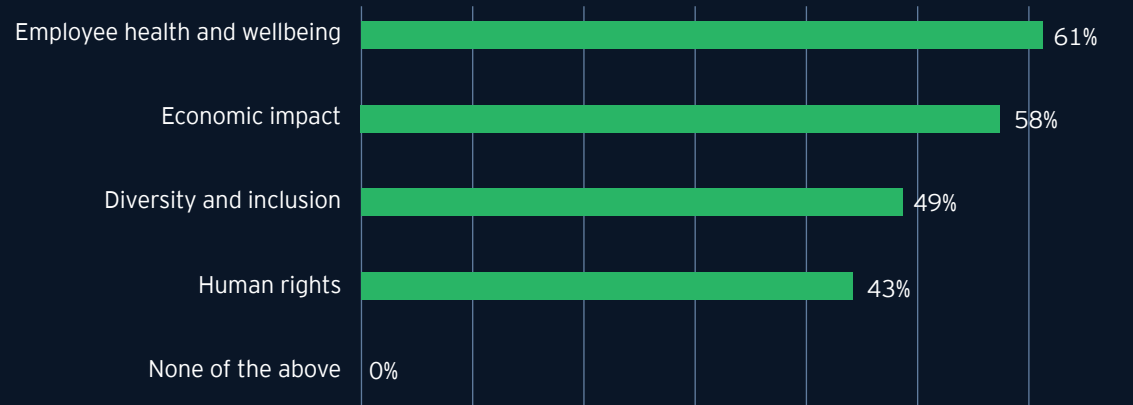
Does your organization report the diversity composition of its workforce?



To what extent do you agree or disagree with the following statement: My organization is boosting collaboration efforts across industry and public-private ecosystems as it relates to sustainability and ESG priorities.



What elements of sustainability and ESG initiatives is your organization working on?



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