

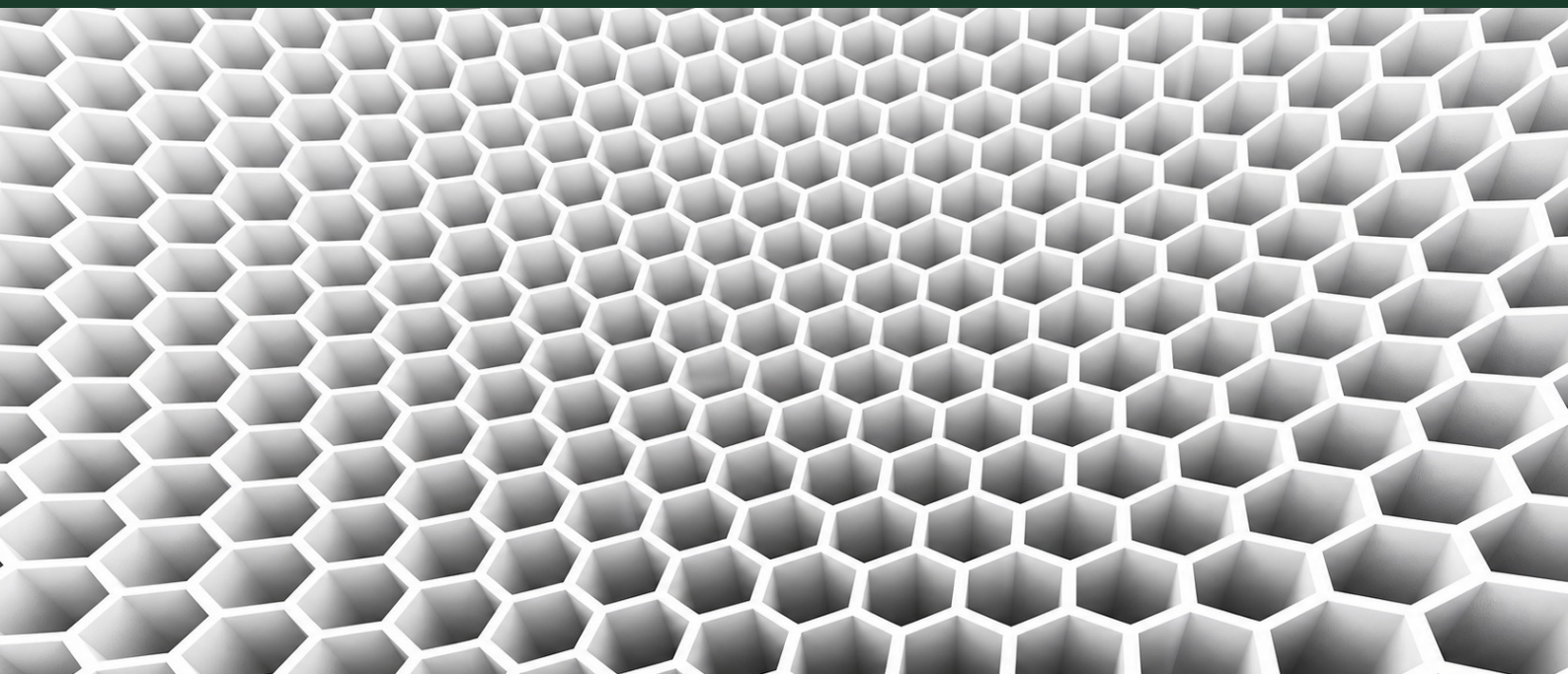
BEYOND ESG METRICS

ESG Programmes Do Not Fail for Lack of Data — They Fail for Lack of Authority

What the emerging sustainability agenda reveals about decision rights,
trade-offs and transformation in 2021

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*“ESG programmes do not become transformational
when the report improves.”*

The Meeting After the Ambition

The board has approved an environmental, social and governance ambition. The announcement has been drafted. A programme director now sits with representatives from finance, procurement, property, people, risk and operations. The first request is simple: identify the initiatives that will deliver the commitment.

Within forty minutes, the simplicity disappears. Procurement can tighten supplier standards, but only if cost and lead-time tolerances change. Property can reduce energy use, but the capital plan is already committed. Operations can alter processes, but its performance targets still reward volume and unit cost. Finance can improve measurement, but it cannot decide which short-term return should be sacrificed. Everyone owns a contribution. Nobody owns the contradiction.

This is what the textbooks leave out. ESG programme design is usually described as a sequence of materiality assessment, baseline, targets, workstreams, measures and reporting. Those elements are sensible. They are also insufficient, because they assume that the organisation mainly lacks structure and information.

The harder reality in 2021 is that the organisation often lacks permission to make a different choice.

Data Is Not the Missing Authority

ESG programmes are emerging at the intersection of investor scrutiny, climate concern, employee expectations, supply-chain fragility and a renewed argument about corporate purpose. The agenda is broad because the pressures are broad. Programme teams respond by reaching for the common language of data.

That move is understandable. Definitions vary. Environmental information may be scattered across utility invoices, property systems and supplier estimates. Social measures can conceal more than they reveal. Governance evidence often describes formal controls rather than actual behaviour. A disciplined baseline is therefore essential.

But better data does not resolve a conflict between margin and supplier standards. It does not decide whether to replace an asset early, accept a longer payback, withdraw from a profitable activity or slow delivery to protect a social outcome. These are exercises of authority, not exercises of measurement.

The pattern that recurs is predictable:

- The central team establishes a reporting model.
- Functions appoint data owners.
- Gaps are logged and definitions debated.
- Targets are published at enterprise level.
- Delivery costs appear inside local budgets.
- Local leaders optimise against the incentives they already carry.
- The programme reports activity while the operating model remains intact.

The programme looks busy because the evidence machinery is visible. The withheld decisions are harder to see.

An ESG target without a named authority to accept its trade-offs is not a transformation commitment; it is a request for voluntary alignment.

The Composite Case That Reveals the Problem

Consider a composite manufacturer in April 2021. Its sustainability programme has committed to reduce energy consumption across six sites. The baseline shows one older plant accounts for 29 per cent of total consumption while producing 18 per cent of output.

The engineering option is clear: replace two ageing process units during the summer shutdown at a cost of £1.8 million. The change would reduce the plant's energy use by an estimated 21 per cent and maintenance costs by £170,000 a year. Under the organisation's normal three-year investment test, the case fails. Under a seven-year asset view, it is credible. Under a scenario that includes rising energy costs and customer scrutiny, it becomes stronger still.

The sustainability team can calculate every version. It cannot choose the horizon.

The plant manager supports the investment but is accountable for the current year's cost reduction. Finance defends a consistent hurdle rate because relaxing it for one ambition may invite weak cases elsewhere. Commercial leaders warn that two customers are asking more detailed questions about production impacts, but cannot quantify the revenue at risk. The executive sponsor encourages collaboration, yet the capital committee still assesses the case under the old rules.

Nothing here is solved by another dashboard. What is required is an explicit decision about which value counts, over what period, and who may approve the exception. Until that happens, the ESG programme is being asked to change outcomes without changing the institution that selects them.

The Strong Case for Starting with Reporting

There is a serious opposing view. Organisations should begin with reporting because evidence creates discipline. Without consistent measures, sustainability claims become marketing language, projects are selected by enthusiasm, and leaders cannot distinguish material progress from symbolic activity. Reporting also creates a common baseline from which priorities can be set. In a field crowded with competing expectations, that order has merit.

The mistake is not starting with evidence. It is stopping there.

Reporting should be designed as the memory of decisions, not as a substitute for them. Each material measure should connect to an owner, a forum, a threshold and a response. If energy use breaches the agreed trajectory, which investment or operating decision changes? If supplier conditions fall below standard, who may accept the cost of remediation or exit? If representation stalls, which succession and appointment practices come under review?

A metric without such a chain may satisfy disclosure while leaving management untouched.

What Real Programme Design Must Surface

The practical work is not to build one grand ESG plan. Environmental, social and governance issues are too different for that. The work is to give distinct outcome streams a common decision architecture.

That architecture needs four things.

- A materiality boundary. Not every worthy issue can carry equal programme weight. Leaders must state which exposures are strategically material now, which are being monitored, and why.
- A trade-off authority. Every priority needs a forum empowered to balance financial, operational, environmental and social consequences. Escalation must reach someone who can change the constraint, not merely restate the ambition.
- A changed gate. Business cases, procurement decisions, asset approvals and benefits reviews must incorporate the relevant ESG consequence before the option set narrows.
- A decision record. The programme should record the choice, assumptions, consequences, accountable executive and review date. Over time, this reveals whether the organisation's pattern of choice is changing.

This is not permission to waive financial discipline whenever a project uses the language of sustainability. On the contrary, the case should expose costs, uncertainty and alternatives more honestly. A lower-return option may still be rejected. The difference is that the rejection becomes a conscious statement of priority rather than an automatic

product of an inherited model.

The Programme Is a Test of the Operating Model

ESG is often presented as a new category of work. In practice, it is also a test of existing management. It shows whether strategy can influence capital, whether long-term risk can survive the annual budget, whether enterprise commitments can change local incentives, and whether governance can hold more than one form of value at once.

That is why the programme office matters. It can see that a supplier initiative depends on commercial tolerances, that a carbon target depends on asset decisions, and that a workforce commitment depends on how managers are rewarded. Its role is not merely to coordinate projects. It is to make those dependencies and contradictions decidable.

The organisations that handle this well will not be those with the longest indicator catalogue. They will be those that can trace a line from external pressure to strategic choice, from choice to changed authority, and from authority to observable action.

ESG programmes do not become transformational when the report improves. They become transformational when the organisation can point to an important decision it now makes differently—and explain why.