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Financials

Less than half of professionals are confident in the ability of their organizations' financial reporting on ESG financial metrics.

Isaac M. O'Bannon • Apr. 24, 2023



Less than half of professionals (45.7%) say they are confident in the ability of their organizations' financial reporting teams to gather and report on environmental, social and governance (ESG) financial metrics for regulatory compliance purposes, according to a recent Deloitte poll.

“It’s concerning to see so few respondents reporting confidence in their ESG

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ESG controller role may build confidence in financial reporting

Few professionals (16.4%) report that their organization has an ESG controller, an individual focused on the financial reporting and controls aspects of ESG. Yet, professionals from organizations that have an ESG controller report confidence in their ESG financial reporting that is **30 points higher** (75.5%) than the confidence levels of those without an ESG controller (45.3%).

At the time of the poll, 41.6% of respondents said their organizations have no plans to hire dedicated ESG controllership staff, while 7.2% plan to hire an ESG controller in the year ahead.

“Naming a leader, such as an ESG controller, to spearhead ESG finance and accounting efforts is one of several ways to raise confidence and trust levels in related reporting, no matter organizational scale,” said [Matt Hurley](#), a [Deloitte Risk & Financial Advisory](#) partner, Deloitte & Touche LLP. “Organizations of any size, geographic footprint and complexity can take advantage of such roles — whether temporary or more permanent — to establish, hone and maintain ESG reporting programs. Ensuring finance or accounting leaders are involved in ESG matters is similarly important.”

Finance teams able to influence ESG matters net higher reporting confidence

Just as staffing for an ESG controller role seems to correlate respondents’ confidence in ESG financial reporting, accounting and financial professionals’ ability to influence ESG matters also seems to benefit reporting confidence. More than half of respondents (53.4%) say their finance functions have some level of influence on organizational ESG matters, ranging from attending board meetings to producing ESG management reports to offering occasional opinions on ESG. And, those professionals with finance teams able to influence ESG matters boast confidence

levels **more than double** (60.7%) those who say their finance team has no

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Data collection to support ESG efforts is the biggest challenge as reported by more than a quarter of respondents (26.3%). Interestingly, professionals from organizations with an ESG controller are more likely to report data collection as their organization's top challenge (39.6%).

Added Hurley, "The basics of ESG reporting are universally challenging. Surprisingly, those that have ESG controllers in place report data collection challenges at a higher rate, possibly because that individual is more in tune with the unique challenges that ESG data aggregation and controls can pose. It's important that organizations focus on building the foundation — including sourcing, cleaning, and assuring data — to support successful, confident reporting on the back end."

Accounting • ESG

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