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potential to contribute significant strategic value to a business that extends far beyond meeting compliance requirements.

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By Joe Fitzgerald.

More than **90% of companies in 90 countries** are prioritizing Environmental, Social and Governance (ESG) goals. While it is exciting that organizations are stepping up to pursue responsible practices *en masse*, the reality is that the onus to comply with related reporting requirements is on accounting and finance professionals.

In an effort to ensure that businesses manage, track and report on comparable and

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Failing to prioritize these efforts can negatively impact a businesses' bottom line in several ways, including:

1. The Risk: Brand Reputation

A global survey from non-profit OCEG found that 78% of executives believe that ESG has an impact on a brand's reputation, and nearly half agree that a negative consumer perception can have an impact on revenue. Companies must show consumers that they are making meaningful progress toward implementing environmental standards and pursuing goals that align with their values. Brands that fail to do so could face backlash from consumers – even those considered loyal – or be found guilty of greenwashing, defined by Merriam-Webster as “the act or practice of making a product, policy, activity, etc. appear to be more environmentally friendly or less environmentally damaging than it really is.”

To successfully reduce their negative impact on the environment, companies must first understand their existing carbon footprint. Carbon accounting and sustainability management solutions that help businesses track important factors like gas emissions, energy consumption, water usage and waste management are integral to monitoring overall environmental impact. Having access to this information will strengthen the accuracy and completeness of an organization's reporting efforts, and also, empower them to make informed decisions to make meaningful progress against their sustainability goals.

2. The Risk: Failing to Meet Investor Expectations

Widespread ESG adoption isn't exclusive to corporations. ESG assessments are now a common requirement from investors and capital partners. BlackRock, State Street

and other institutional investors are considering ESG metrics and ESG-related risks

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Many companies have willingly adopted their own methods of ESG reporting, but the ISSB recently unveiled global reporting standards for climate-related disclosures and the SEC is expected to follow suit later this year.

Exacerbated by new lease accounting standards, finance professionals now have substantial regulatory obligations to maintain. Financial teams must routinely track and manage lease records, and properly record and report this data to sustain compliance. It's no easy task. Even the most experienced professionals struggle, especially as regulations intensify and change. At any time, a company can fall out of compliance, and The Public Company Accounting Oversight Board is [watching for this](#). The organization recently voted to strengthen its standard to require auditors to be more proactive in identifying non-compliance.

Regulatory compliance is a significant undertaking, and without the proper procedures and tools in place, finance and accounting professionals can fall short, making critical errors that can trigger the problems outlined above. Achieving a successful ESG reporting framework often boils down to a well-defined system of controls and procedures.

Organizations that diligently track and manage their records establish a foundation of trust and reliability in their financial reporting. By maintaining comprehensive and up-to-date data, they can greatly reduce the risk of errors, discrepancies and incomplete information, ultimately safeguarding the integrity of their financial statements. Furthermore, having a centralized system for record management empowers businesses to identify and implement changes or adjustments needed to maintain compliance with the latest regulatory requirements.

When properly managed and prioritized, financial, operational and legal data has the potential to contribute significant strategic value to a business that extends far

beyond meeting compliance requirements – but that can't be accomplished without

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latest lease accounting standards. In his current role as Senior Vice President of Market Strategy at Visual Lease, Fitzgerald is responsible for informing product innovation, deepening strategic partnerships, supporting customers and providing GTM thought leadership.

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