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Volume 19, Issue 2

## Accelerating Your Sustainability Strategy

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A recent [report by the UN](#) has shown that there is no credible pathway to the 1.5°C target set out in Paris in 2015. The impact of this will be catastrophic. Corporations need to move faster and we're seeing many of them act.

Companies around the world are being held more accountable for their environmental, social, and governance (ESG) initiatives by customers, employees, shareholders, governments, and regulators. Rising consumer demand for sustainability is driving a change in corporate attitudes across many sectors. Environmental sustainability continues to drive boardroom agendas and consumer focus on climate change.



Many assume the majority of sustainability efforts rest on manufacturing and logistics teams—but information technology can also play an equally critical role in building a more sustainable future. By making sustainability an integral part of technology investment decisions on things such as cloud migration, green coding, 5G, blockchain, Digital Twins, AI, IoT, and virtual reality, CIOs can lead their organizations' efforts to reduce carbon emissions and waste and accelerate sustainability strategies.

That said, going green is not easy. A new survey of 750 digital leaders around the world [from BT Global](#) shows that just two percent of CIOs mark sustainability as a top priority for their digital transformation efforts.

Those numbers are alarming and put organizations in jeopardy. Not hitting goals is an issue for companies' sustainability efforts; more importantly perhaps, organizations could face greater scrutiny from governing bodies like the U.S. Securities and Exchange Commission for failing to prioritize sustainability.

We're at a tipping point: regulators are in one place while far too many CIOs and their teams are in another when it comes to prioritizing sustainability.

## What should CIOs do?

First and foremost, CIOs need to start considering implementing frameworks for how to bring sustainability to the forefront of their organization's digital transformation. Those that don't will fall behind—or face backlash from governing bodies.

Fortunately, there is a road ahead for CIOs, which includes taking several proactive steps to get an organization properly prepared. Here's how.

## Identify SEC rule changes and the impact they will have

Investors and customers are demanding more environmentally positive action from the organizations they engage with—and they want sustainability efforts to translate into proof of results. An April 2022 survey from a division of Johnson Controls revealed that nearly 80 percent of U.S. consumers consider sustainability (of a product, the retailer, or the brand) when making at least some purchases. It is on the minds of consumers—but it's not at the center of CIO conversations.

It should be—particularly for any CIOs in the financial sector. This is because we're in a time of significant regulatory changes in the U.S. financial markets. There are proposed rule changes from the SEC that, if adopted, will have a substantial impact on the industry. Specifically, the changes proposed would require enhanced and standardized climate-related disclosures for organizations.

The disclosures would need to be in an organization's registration statements and periodic reports, including information about climate-related risks “that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements.”

The proposed rule changes would also require organizations to disclose information about greenhouse gas emissions. This has become an increasingly standard metric to assess exposure to climate-related risks. CIOs need to be aware of the pending changes and the impact any digital transformations may have on climate-related risks.

## Understand your organization's digital carbon footprint to make decisions

Impending SEC rule changes on sustainability should act like the starter's gun for organizations, triggering a race to make significant and lasting changes. Our research at BT suggests they're starting to have an effect—and, really, they should. As CIOs' scorecards change in how they're measured, there will no doubt be a reshuffling of priorities, which will bring sustainability to the

top. This will be a game-changer in how the industry views its environmental impact and holds itself accountable.

The research indeed shows that some CIOs are prioritizing sustainability. However, it often depends on the size of a company—the bigger the company, the more CIOs prioritize sustainability. For companies with more than 500 employees, 34 percent of CIOs listed sustainability as a top priority, and 30 percent already have sustainability metrics included in their personal scorecards. This helps them understand their organizations' carbon footprint and make decisions based on it.

## Work with key transformation stakeholders to create sustainability goals

An interesting finding from our survey shows that providers directly serving consumers are more focused on sustainability compared to those more mired in business-to-business offerings. This makes sense: sustainability is often seen as a market differentiator.

But whether a business is focused on the consumer end-user, sustainability will continue to play an increasingly prominent role in future IT infrastructure considerations.

And it's not a challenge that can be addressed in isolation. Business leaders are realizing that businesses need to be much more purpose-aligned. The financial impact of focusing on sustainability goals and being aligned can be huge. A 2021 [article published in Harvard Business Review](#) describes how sustainability strategies can improve financial performance through a combination of nine mediating factors: innovation, operational efficiency, sales and marketing, customer loyalty, risk management, employee relations, supplier relations, media coverage, and stakeholder engagement.

CIOs are at the risk of being left behind. They need to work with corporate sustainability teams to set the net zero glidepaths. Without their input, there is a risk the CIO function won't be able to go ahead with their planned transformation roadmap and unlock investment unless they can demonstrate carbon savings. Additionally, CIOs need to collaborate with the procurement team to ensure they are in lockstep when choosing credible vendors who can provide low-carbon products and services.

## Track progress along the way to measure effectiveness

It's essential for CIOs to track progress along the way so they can measure effectiveness. As the saying goes, you can't manage what you don't measure. When measuring performance, establish SMART goals—that is, make them specific, measurable, achievable, relevant, and time-bound. On the macro level, our organization made a commitment to set a net zero target for 2030 for our own operations. It is something that we're constantly measuring against and tracking performance.

# How can enterprises reduce their carbon footprint?

One practical tool is through a carbon dashboard: giving customers a view of energy data and providing recommendations to customers looking to reduce their emissions. Operators that offer real-time power monitoring help CIOs and leaders optimize their networks. This provides tangible recommendations to accelerate to net zero. It allows CIOs to take action that reduces carbon footprint and moves their organization closer to their sustainability goals. On the regulatory side, it also allows organizations a way to report on carbon emissions and progress being made.

Digital solutions including AI should ultimately help customers reduce their operational footprint. There are implications across logistics, manufacturing, and fleet management. When everyone works across the supply chain and deliberately starts to develop solutions, we all win.

An emphasis on sustainability is good for the world—and it's good for business too. And now, it's becoming mandatory to track sustainability for many organizations. As CIOs look to make decisions about digital transformations, the time is now to find the right partners, technology, and processes to address such a significant task. As we look ahead to 2023, it's likely that more companies will heed the call to put sustainability at the forefront of their efforts—and CIOs should be ready. Key stakeholders and regulators everywhere—from customers to employees to investors to partners and government bodies—are beginning to demand it. It's time to listen and act.