

# **Achieving ESG Targets: A Project Manager's 5-Step Guide**<sup>1, 2</sup>

**Jonathan Spiteri**

In today's landscape, organisations are facing pressure to look beyond their financial numbers and focus on making a positive impact on the world. Despite this, according to a 2022 study by KPMG titled "The ESG Journey to Assurance", which surveyed 246 financial reporting executives from diverse industries, including both public and private organisations,

*"83 percent of the respondents believe that focusing on ESG will make their business better; but just 30 percent feel like they have even the beginnings of a clear strategy to report out and deliver on their ESG commitments."*

This, coupled with the challenge for organisations to integrate their sustainability initiatives into their "business as usual", makes the role of the Project Manager pivotal in this transition.

## **How can Project Managers support their organisations in achieving their ESG targets?**

### **Establish Clear ESG Objectives**

Supporting organisations in broadening their focus beyond profitability requires assisting teams in integrating ESG objectives into the project scope. In doing so, Project Managers need to appreciate that ESG objectives are not one-size-fits-all but should be tailored depending on the nature of the project. For example, a construction project may prioritise environmental considerations such as waste reduction while a technology initiative might underscore the importance of fostering inclusion and diversity in the workforce.

### **Integrate ESG into Planning**

Ensuring ESG integration from project inception is paramount for Project Managers to:

- Instil the practice of considering ESG factors in all projects.

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<sup>2</sup> While the term ESG, denoting Environmental, Social, and Governance, has been used for decades, the formalisation and standardisation of ESG as a framework for assessing an organisation's non-financial performance, gained prominence in the early 2000s.

- Minimise the likelihood of Scope Creep by identifying key ESG considerations from the start of the project. An effective approach is for project managers to conduct pre-project kick-off ESG impact assessments. This early assessment will help teams to identify ESG considerations, such as incorporating energy integrations like the inclusion of solar panels in a construction project, thereby preventing the need for last minute adjustments. This foresight is crucial, as significant alterations during execution could lead to project delays and increased costs.
- Craft a project timeline that defines ESG milestones during the course of the project.
- Ensure that ESG risks are not treated as separate entities but rather embedded within the broader risk management framework.

Finally, Project Managers should extend their focus beyond individual projects and collaborate with senior management to integrate ESG priorities and targets into processes and practices at the portfolio and program levels.

### **Engaging Stakeholders Effectively**

Establishing transparent communication channels with key stakeholders is paramount in every project delivery, particularly when organisations undergo a shift in their operating model. In this context, where emphasis is placed on ESG considerations over solely pursuing increased revenues or a larger market share, effective stakeholder engagement becomes even more crucial.

Project Managers should organise and facilitate forums, workshops, or surveys to gather perspectives from a diverse range of stakeholders, including local communities, employees, investors, and environmental experts. Engaging specialised stakeholders, including experts in ESG regulations and compliance, is essential for Project Managers to ensure they formulate a sound plan.

Finally, for projects with a direct impact on the local community, project managers must incorporate regular community impact assessments and hosting of community forums activities within their project plan. They should also seek ways of proactively identifying, and addressing issues raised by community members.

Ultimately, it falls upon the project manager to align the expectations of all stakeholders, including senior level executives, employees, community members and customers.

## Define Metrics and Measure Progress

Organisations set ESG targets, some are mandated by regulators while others are self-imposed. It is therefore critical for project managers to establish well-defined ESG targets for their projects – targets, which are SMART<sup>3</sup> and aligned with the broader organisational objectives.

Additionally, the integration of ESG into the project's KPIs ensures that ESG considerations are not treated separately from overall project performance but are integral to the project's success.

Setting targets and metrics without tracking progress towards achieving them holds little to no value. Project Managers must therefore ensure ongoing tracking of these targets throughout the project's duration, utilising the right tools when measuring progress.

## Practice what you Preach!

Finally, I strongly advice that Project Managers lead by example, going beyond the reduction of overall waste, utilising eco-friendly materials, and decreasing their carbon footprint. They should also:

- Examine the entire value chain, ensuring, for example, that suppliers are also committed to eco-friendly practices, ethical sourcing, and a reduced environmental impact.
- Uphold ethical standards throughout the project life cycle. This involves ensuring that all project-related activities adhere to the organisation's code of ethics and industry standards.
- Establish transparent governance structures that promote accountability and visibility with clearly defined roles and responsibilities.
- Create an inclusive work environment within the team that values diversity and inclusion.
- Support senior management in implementing anti-corruption measures to safeguard project integrity.

Project Managers are again at the centre of cultural shift, acting as agents of transformation by steering organisations towards a future where ESG considerations become the norm in the way they operate.

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<sup>3</sup> Specific, Measurable, Achievable, Relevant, and Time-Bound.

Let's empower and support project managers in their pivotal role, ensuring that they have the necessary knowledge, tools, and support from all levels of the organisation to achieve success.

## References

Hodge, M. and Tang, R. (2022) *The ESG journey to assurance, The ESG journey to assurance - 2022 ESG survey results and analysis*. Available at: <https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2023/22122-esg-reporting-final.pdf> (Accessed: 13 November 2023).

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## About the Author



### Jonathan Spiteri

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**Jonathan Spiteri** brings a wealth of experience in innovation, strategy, agile methodologies, and project portfolio management. Throughout his career, he has had the privilege of working with diverse teams and organisations, helping them navigate the ever-evolving landscape of business and technology. He also earned multiple prestigious certifications, such as Axelos Portfolio Director, SAFe® 6 Practice Consultant, Organisation Transformation, Project Management Professional (PMP), TOGAF 9.2, and Six Sigma Black Belt. These qualifications reflect his dedication to achieving excellence and proficiency across various domains.

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