

What Is Happening in Sustainability Reporting?

Companies are [talking less in earnings calls](#) about their work protecting the planet and advancing other social practices. But even as they talk less, many continue to act just as they promised—some even more so than previously—to establish sustainable business practices and prepare for greater corporate reporting requirements on the horizon.

The stakes feel higher though. Earlier this week, the CEO of a leading global financial institution told me that he and his team had never spent more time and applied more rigor to understanding and preparing the details of their own sustainability report than this year.

The International Organization of Securities Commissions has endorsed sustainability and climate-related financial disclosure standards and asked its 130 member jurisdictions, covering nearly all financial markets, to consider adopting them. New regulations in Europe cover about 50,000 companies, including about 10,000 companies based outside of Europe. Although a US Securities and Exchange Commission disclosure rule is held up in the courts, California has adopted its own rule and Illinois and New York are likely to soon follow.

All this means that companies need to be prepared for an era of tighter reporting standards, oversight, and scrutiny. The following can help CEOs, CFOs, and senior executives navigate this:

- **Understand and own what your company reports.** Management engagement is critical to ensure that the sustainability strategy integrates with corporate strategy and is a source of competitive differentiation. This focus will also ensure that the pathways to deliver commitments are built into a credible transition plan.
- **Involve the board of directors.** Europe’s Corporate Sustainability Reporting Directive, for example, imposes duties on board members. Many boards lack sustainability expertise and could benefit from general awareness building and specific trainings.
- **Prepare for transition from voluntary (“nice to have”) to mandatory (“must have”) disclosures.** As of today, most corporate sustainability reports would not meet the regulations being rolled out around the world, especially the need to be audited by third parties. Consumer product companies also need to prepare for requirements to disclose sustainability impact directly on labels.
- **Focus on what matters most, or materiality.** Sustainability has moved beyond the window-dressing phase. Companies should apply the same rigor to reporting as to their strategies, focusing on areas where they can make the biggest difference.

As a private company, BCG does not have some of the obligations of listed companies. But we strive to be open about our progress on sustainability and forthright about where we still have work to do. I am proud to present our [2023 annual sustainability report](#). Some highlights:

- **Pursuing Net Zero.** We are on track to meet our 2025 emissions targets validated by the Science Based Targets initiative.
- **Protecting the Planet.** We are supporting clients in implementing more than a gigaton of carbon emissions reductions by 2030.
- **Driving Social Impact.** Since 2020, we have invested more than \$1.5 billion in cash and in-kind support for social and planetary impact initiatives.

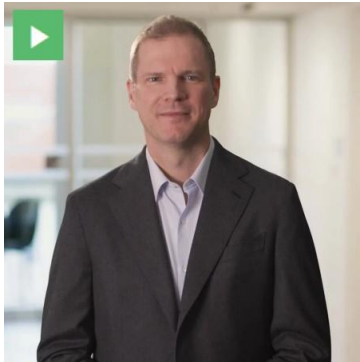
This work is never done. We will continue to find the most valuable, sustainable, and innovative solutions—for ourselves, our clients, and the communities we are a part of.

Until next time,



Christoph Schweizer
Chief Executive Officer

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