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REUTERS IMPACT: GLOBAL SUSTAINABILITY REPORT 2024

Tracking the evolution of sustainability strategies globally

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FOREWORD

Welcome to the 2024 edition of the *Reuters Impact Global Sustainability Report*. This study has been produced following tens of qualitative research calls and a survey of sustainability practitioners and decision-makers was conducted in Q2 2024. More details of the survey and our respondents can be found in the Methodology section of this report.

This year's edition of the report builds on our comprehensive coverage of the sustainability space, highlighting how sustainability strategies are evolving. In assessing the trends and movement of consecutive survey data, we see an evolution of organizational approaches to sustainability, driven by factors such as regulation, financial pressures and how businesses are embedding sustainability within business-as-usual operations.

We hope that this report and the actionable insights detailed within trigger discussion, provide strategic insight and inform how sustainability practitioners navigate the complexities of incoming regulations, investing in new technologies and managing increasing stakeholder demands

We would like to take this opportunity to thank the hundreds of professionals who completed our survey, alongside those who took time out of their schedules to help with our qualitative research. This report would not have been possible without their valuable contributions.

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Liam Stoker
Content Lead
Reuters Events

EXECUTIVE SUMMMARY

Sustainability practitioners face an unenviable task. Delivering on ambitious aims that are becoming increasingly pivotal to an organization's direction and strategy, integrating across multiple different departments and teams, affecting meaningful change within operations without disruption, and all on budgets that are frequently considered insufficient.

It's of little surprise that the role is becoming more multi-faceted and multi-skilled, but also more challenging than ever.

Amidst a range of strategic imperatives, our research shows that energy and decarbonization continues to stand as the most important for businesses today. A significant majority of respondents said their organization placed decarbonizing operations among their top three sustainability strategies today, with nearly half (47%) stating it to be their leading objective.

While the approach to decarbonization is undoubtedly holistic, investments in renewable energy and increasing the efficiency of existing operations appear to be the two most popular approaches today, with success being measured in reducing core emissions first and foremost.

Sustainability reporting is also of significant importance, identified as a priority by 46% of respondents. Here we see the use of tools and technology to automate specific tasks related to the reporting function as strategically important, alongside integrating corporate disclosures across the business.

Outside of these two core objectives, our research also highlights how organizations are approaching other sustainability imperatives, such as waste and the circular economy, human rights and social issues, and nature and biodiversity.

Workforce diversity, equity and inclusion (DEI) targets remain critically important to organizations despite a much-publicized backlash to the practice in specific markets. Recycling is a critical component to efforts addressing waste, and many different practices are emerging in this area, specific to business demands and outputs. Strategies for nature and biodiversity are even more split, with 10 specific initiatives being identified by at least 20% of respondents.

Alongside sustainability strategies, our research also reveals how companies are preparing their workforces for the years ahead. Reskilling or upskilling existing employees appears to be a more popular approach than hiring new employees with required skillsets, with external specialists and consultants also set to play a key role.

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Sustainability budgets would, however, appear to be something of a pinch point. Around 40% of respondents said their organization's sustainability budget was too low for a company of their size. While a majority (73%) of respondents said budgets would increase over the next three years, more than half of those said spending is expected to increase by 10% at most over those years.

These conclusions identify a clear direction of travel in the immediate term, pointing to how businesses today are prioritizing action to become more sustainable. But our research also hints at the hurdles to come, be they budget-related or in identifying specific strategies in areas more difficult to make immediate gains in, as well as new and enhanced skills required to deliver on sustainability strategies.

STRATEGIZING FOR SUSTAINABILITY SUCCESS

Sustainability represents an incredible business opportunity, but also remains a significant challenge for the business community. Buffeted by a unique mix of regulation, policy, consumer behavior and corporate demands, the role of the sustainability practitioner has never been more diverse and, in tandem, more challenging.

In this respect, it can be difficult to develop sustainability strategies and, crucially, prioritize actions and effort. It's a challenge to navigate your organization to a more sustainable future, if the present is dominated by numerous areas of competing priority.

Our research has shown that organizations today are establishing a range of different strategies for specific areas of sustainability, and prioritizing them based on a range of different criteria. As *figure 1* illustrates, there is one overwhelmingly popular strategic priority for organizations today: energy and decarbonization.

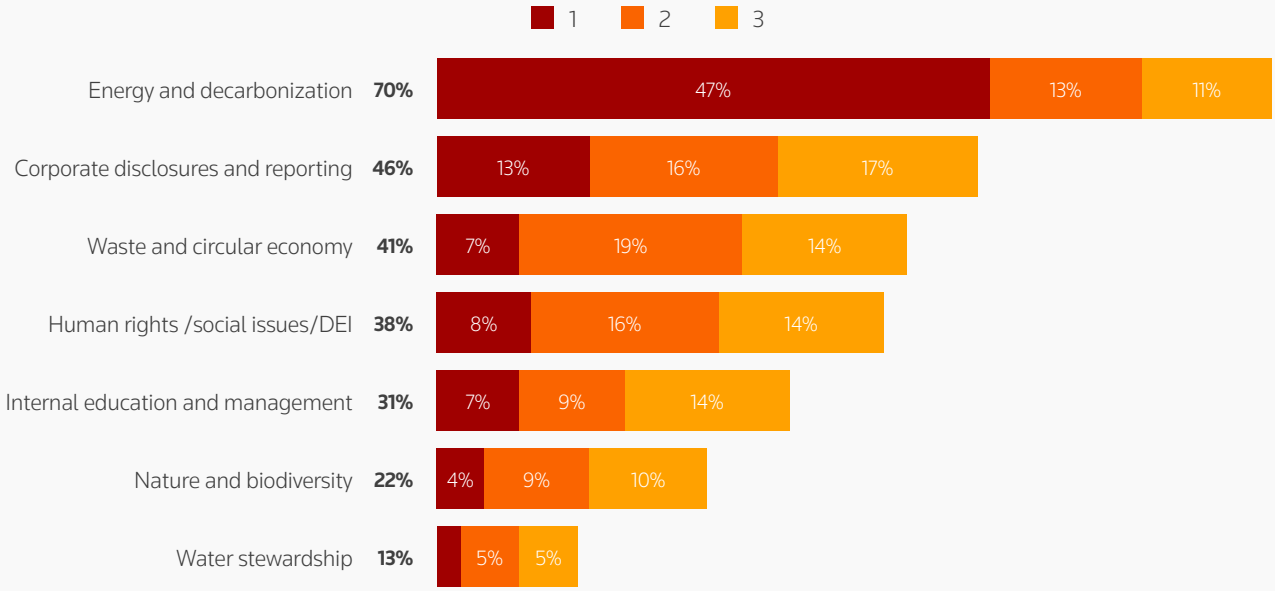
ACTIONABLE INSIGHTS:

- Energy and decarbonization is a priority for a majority of organizations today and the popularity of this goal is universal. Organizations not placing a priority on decarbonizing their operations today are effectively outliers.
- A majority of organizations are preparing their workforces to deliver on sustainability targets by upskilling existing employees, rather than recruiting new employees on permanent contracts.
- 40% of respondents said their organization's spend on sustainability is too low in relation to the company's size, indicating potential concern over the amount of funding being made available to meet sustainability commitments and ambitions.

Figure 1

A significant majority of respondents identified energy and decarbonization as a key sustainability priority

Share of respondents identifying organization's sustainability priorities, ranking them 1st, 2nd and 3rd



**Note: The percentages might not add up to 100 percent due to rounding error*

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Energy and decarbonization is a leading strategy for a significant majority of our respondents, with 70% identifying it as among their organization's top three priorities. Furthermore, nearly half (47%) of respondents identified it as their organization's top priority for the next year, an indication of the scale of importance this area has for businesses today.

> ***"ENERGY AND DECARBONIZATION IS A LEADING PRIORITY FOR A SIGNIFICANT MAJORITY OF OUR RESPONDENTS, WITH 70% IDENTIFYING IT AS AMONG THEIR ORGANIZATION'S TOP THREE PRIORITIES."***

This is perhaps unsurprising, given how a majority of businesses today will still be looking to eliminate direct, or Scope 1, emissions from their operations, with a significant majority of organizations required to report Scope 1 emissions specifically.

This is likely an indication as to where organizations see the earliest opportunity to become more sustainable, the so-called 'low hanging fruit' of sustainability. This includes strategies including investing in renewables, integrating low-carbon technologies into existing operations and enhancing operational efficiency, all of which are discussed in the forthcoming pages of this report.

We consider this popularity of energy and decarbonization as a sustainability priority to be more or less universal. Irrespective of company size, geographical location or emissions factors, organizations are largely prioritizing decarbonizing operations to the same degree.

Our second-ranked strategic priority is corporate disclosures and reporting, selected by 46% of respondents. While not as common as energy and decarbonization, sustainability reporting is clearly an emerging priority for organizations, perhaps driven by regulatory need.

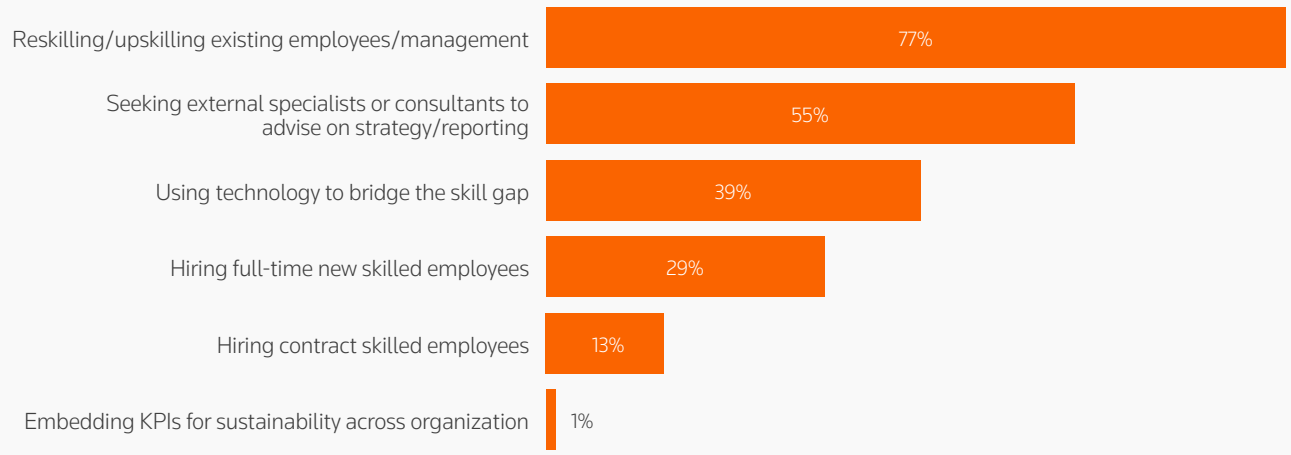
With strategies underpinned and priorities set, it is also important to understand how organizations intend to deliver on them. Resource and investment are required of course, but sustainability is not delivered by money alone. It requires the creation of new processes, the introduction of new skillsets and, ultimately, delivery from employees across the organization.

As *figure 2* shows, our research points to the importance of skills in delivering on sustainability priorities and, in

Figure 2

Reskilling or upskilling existing employees is a key objective for preparing the workforce for sustainability initiatives

% share of survey respondents selecting how their organization is preparing workforces for sustainability programs



**Note: Exclude the Others from the visualization*

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particular, reskilling or upskilling those already within the business. This approach is the most selected with regards preparing workforces to implement sustainability strategies, selected by 77% of respondents.

It is perhaps worth noting here that this is the preferred method over hiring new employees with desired skillsets, either in full-time employment (selected by 29% of respondents) or on contracts (13%), and also more popular an approach than bringing in external specialists or consultants (55%).

This could be seen as pointing towards the importance of delivering on sustainability priorities. More permanent solutions to skill gaps are clearly being prioritized over anything short term. Equally, the results could also be seen as an indication that organizations are bringing their existing employees with them on their respective sustainability journeys and see the value in doing so.

We do see some differences in responses to this question based on company size, however, with larger organizations – those with revenues in excess of $1 billion per year – more likely to be hiring new full-time employees and recruiting external specialists or consultants than their smaller

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counterparts (those with revenues of $50 million or below). This is most likely a direct reflection of the resources available to those respective respondent groups.

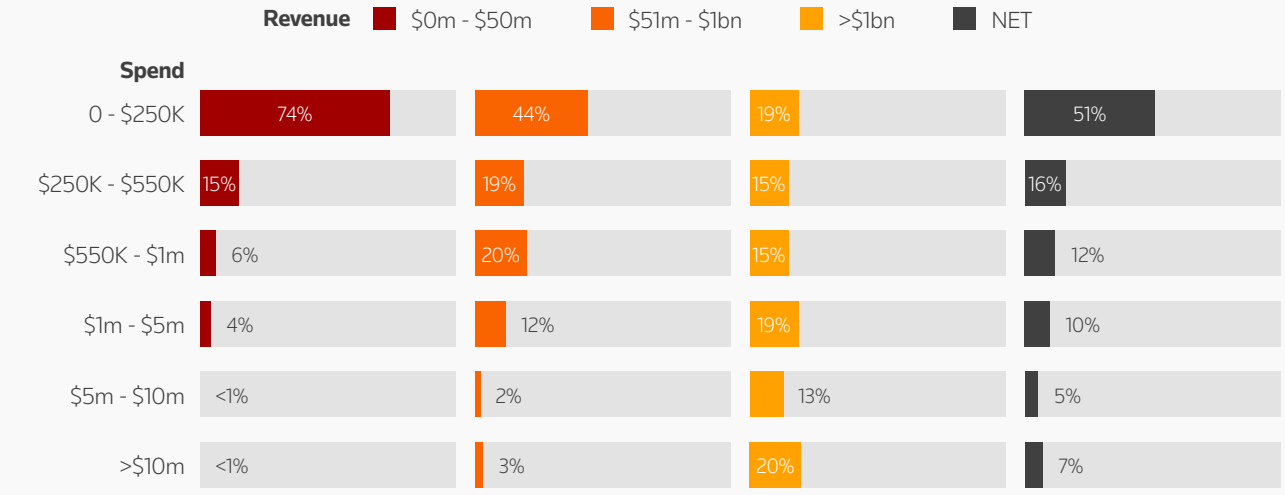
We also see this response disparity when we review the annual spend on sustainability strategies based on company size, as *figure 3* illustrates.

The chart shows how of respondents with annual revenues of $50 million or below, an overwhelming majority – some 74% - spend less than $250,000 on strategy implementation

Figure 3

While just over half of respondents said their organization is spending up to $250,000 on sustainability strategies, one-fifth of larger firms are spending more than $10 million

Share of respondents identifying their organization's annual spend on sustainability strategies, segmented by company size based on revenues



**Note: Excluding Others due to low base*

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each year. This compares to just 19% of respondents from organizations with revenues in excess of $1 billion who indicated the same annual spend.

Overall, we can show that just over half of total respondents (51%) stated that their organization currently invests $250,000 or less on sustainability strategy implementation, while around 22% of total respondents said their organization invests at least $1 million each year.

This result is perhaps further evidence of the resource available to organizations, and what is allocated to sustainability initiatives. We also see some interesting narratives at play when segmenting our respondents by their respective industry's emission factor (more on how we segment respondents in this regard can be found in the Methodology section of this report). Respondents from low-emission industries are more likely than those in high-emission industries to be spending $250,000 or less each year, with high emitters perhaps requiring greater investments to address key environmental impacts.

Conversely, respondents from high-emission industries are more likely than their low-emission counterparts to be spending in two specific brackets: $1 million to $5 million per year, and in excess of $10 million.

We also surveyed our respondents on their perception of sustainability budgets, critically answering in relation to their company size. As *figure 4* shows, while almost half (49%) said they considered their organization's sustainability strategy to be about right, a not insignificant minority regard it to be too low.

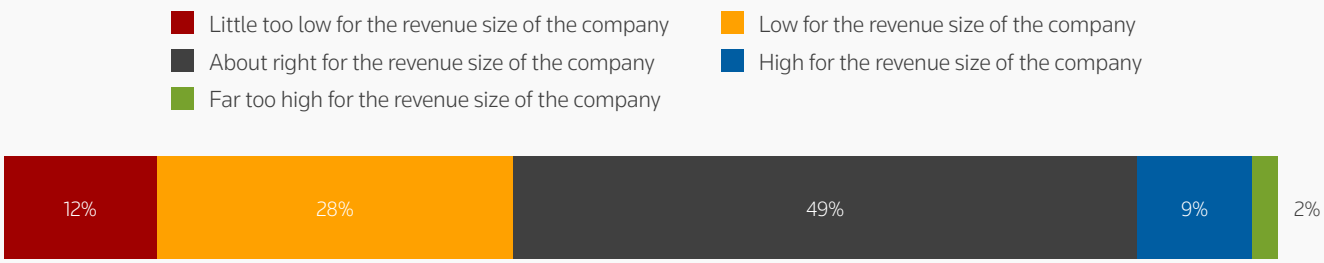
> ***"JUST OVER HALF OF TOTAL RESPONDENTS (51%) STATED THAT THEIR ORGANIZATION CURRENTLY INVESTS $250,000 OR LESS ON SUSTAINABILITY STRATEGY IMPLEMENTATION"***

With just 11% considering their respective sustainability strategies to be too high, we can reasonably conclude there is some level of concern regarding organizational abilities to deliver sustainability priorities on current budgets. This may be more acute within larger organizations: while 28% of our

Figure 4

40% of respondents said their organization's sustainability budget is low compared to the size of the company

Share of respondents ranking their organization's sustainability budget according to the size of their organization, based on revenue



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total respondents consider sustainability budgets to be low for the company's revenue, this figure is 41% of respondents from organizations with revenues greater than $1 billion.

While larger organizations may indeed be dedicating greater budgets to sustainability – as indicated by *figure 3* – these budgets may not be in direct alignment with the overall size of the company and, in turn, the level of action needed with regards to sustainability.

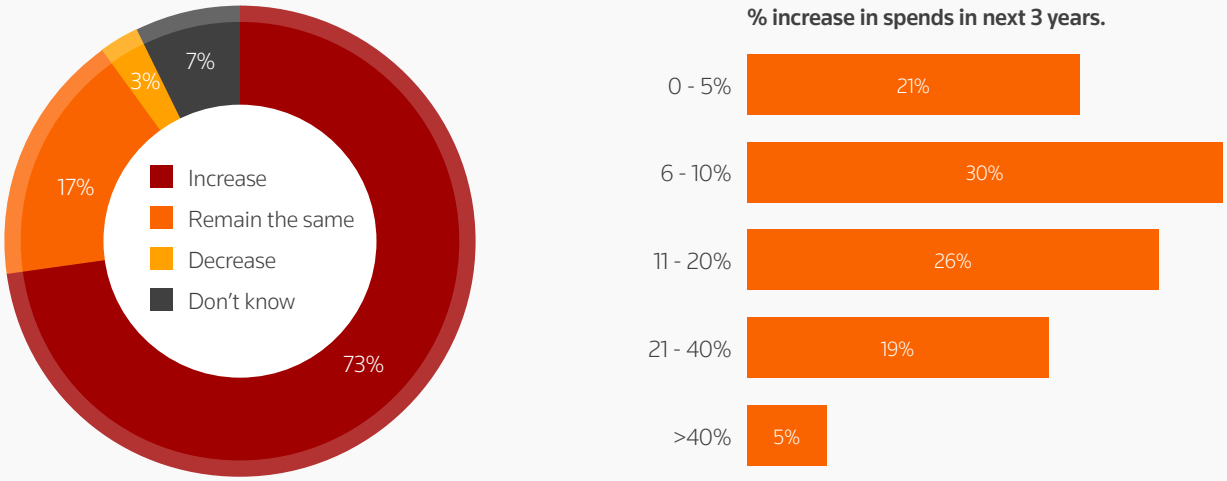
There is, however, more fruitful news for sustainability practitioners on the horizon. Nearly three-quarters of respondents (73%) said they expect spending on sustainability strategies to increase over the next three years, as illustrated by *figure 5*.

This is somewhat supported by the results of PwC's 2024 Annual Global CEO Survey, which asked business leaders to indicate the extent to which certain factor have driven or will

Figure 5

While a sizeable majority expect sustainability budgets to increase in the coming years, such increases are expected to be modest

Share of respondents indicating their expectations for future sustainability spending, showing increase vs decrease and of those expecting increases, the % increase forecasted over the next three years



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drive change in the way their business operates. While 22% of respondents said climate change had driven change in the previous five years, 30% said it will affect business changes in the next three years, placing sustainability as a more medium- or long-term imperative. Meanwhile, technological and customer preference changes were selected by 56% and 49% of CEO respondents respectively, demonstrating how these are regarded as higher priority, at least for the time being.[1]

Figure 5 also shows that more than half (51%) of those expecting investments to increase, expect those increases to be relatively modest – of up to 10% over the course of three years. But there are not insignificant shares of respondents who expect the opposite. More than a quarter (26%) of respondents expect increases of 11 – 20%, while a further 19% expect increases of between 21 – 40%. Such an increase over the course of three years would be a sizeable and tangible boost to sustainability ambition and delivery.

Our research also provides an indication as to where that increased investment could go. This broadly tallies with the how priorities are being established, with 13% of respondents stating that decarbonization would be a key area of investment over the next three years, with a further 15% indicating spending would be on renewable and efficient energy.

Meanwhile, 16% of total respondents said reporting and compliance would be a key area for investment over the coming years. When segmenting respondents by geography, we see that 21% of respondents from organizations operating in Europe and 23% from North America stated reporting and compliance would be a key area for investment, compared to 17% of respondents from the rest of the world. This greater share in two key markets could be put down to the regulatory envelope in those specific jurisdictions, as we will discuss in future chapters of this report.

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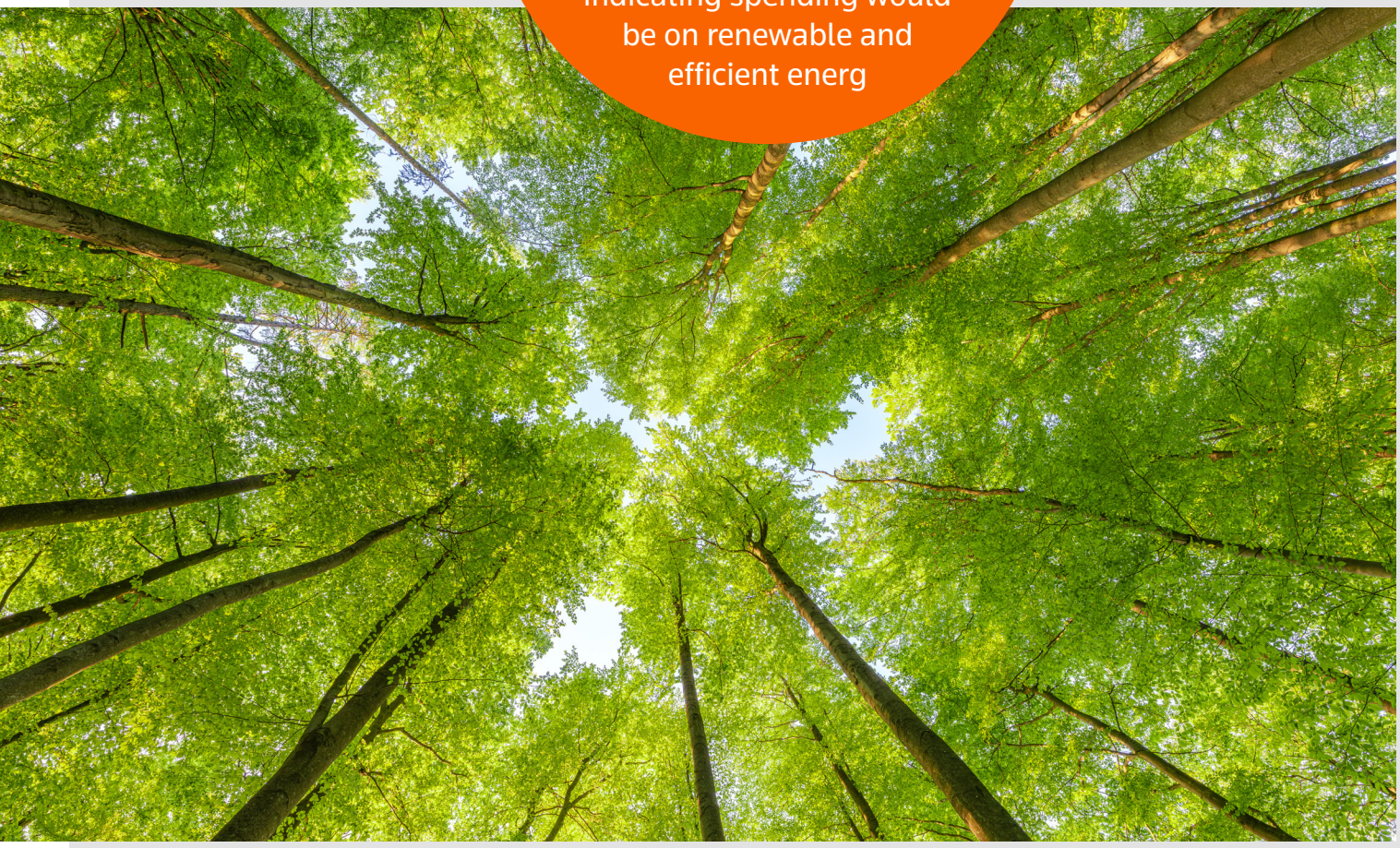

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[1] *https://www.pwc.com/gx/en/ceo-survey/2024/download/27th-ceo-survey.pdf*

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ENERGY & DECARBONIZATION STRATEGIES

With energy and decarbonization the foremost priority for a majority of organizations today, it's important to understand exactly how these organizations are approaching decarbonizing their operations and how they are measuring any success or progress.

As *figure 6* highlights, there are two leading strategies for decarbonizing operations: investing in renewable energy, and increasing the operational efficiency of existing processes. These two strategies were each selected by more than half (53%) of respondents who have prioritized energy and decarbonization, around 12 percentage points greater than the next most popular strategy (integrating low-carbon technologies in products and processes).

This is perhaps an unsurprising result, with the majority of organizations still addressing Scope 1 emissions and decarbonizing their immediate portfolios. Switching to renewables and increasing efficiencies – essentially producing more with the same or lesser resources – is the easiest way to decarbonize swiftly.

ACTIONABLE INSIGHTS:

- Corporate investments into renewable energy would appear to be on the rise, with 53% of respondents saying their business is doing so compared to 40% in last year's survey. Backed by incentives and falling costs, renewables are becoming an increasingly attractive proposition for businesses today.
- A growing number of respondents also said that their organization is incentivizing suppliers to decarbonize, growing from 20% of respondents last year to 33% in 2024's survey.
- Strategies focused on collaboration throughout supply chains are also clearly being prioritized, highlighting how important collaborating with channel partners will be in successfully decarbonizing.

Interestingly, the results reflect a year-on-year surge in interest in renewable energy investments. In last year's IMPACT survey, around 40% of organizations globally said they were investing in renewable energy, however this has increased to 53% in this year's survey.

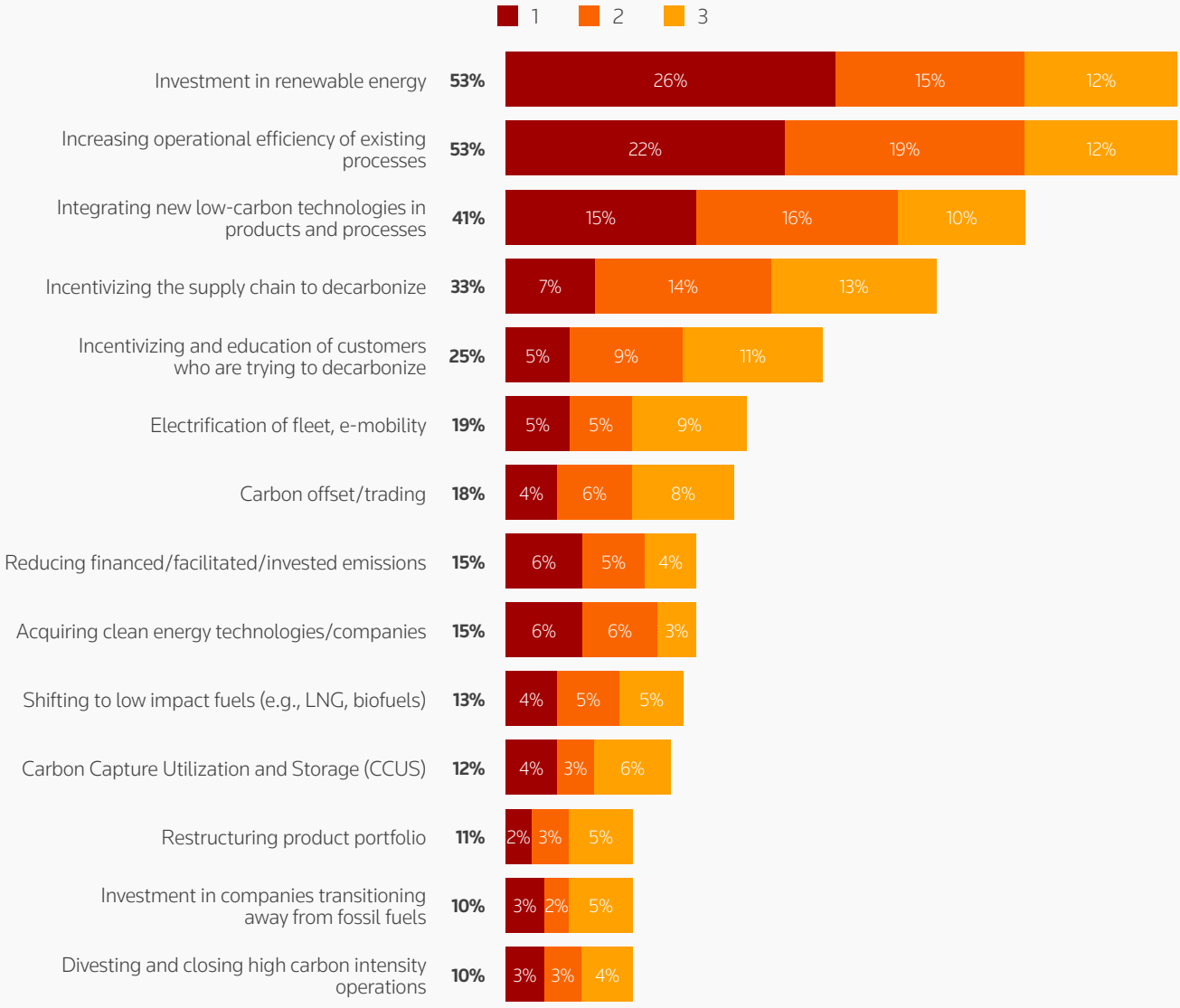
This could be attributable to a number of global trends. Firstly, the Inflation Reduction Act in the US has made investing in renewables more affordable for organizations through offering incentives for up-front costs. Equally, the cost of renewables has continued to fall, in some instances sharply. The cost of solar PV in Europe in particular has fallen dramatically in the past 12 months, with solar modules available for as low as 0.13 euros per watt at the time of our survey[2].

Further segmenting our results, we see greater shares of respondents from industries with high greenhouse gas

Figure 6

Renewable energy investments and operational efficiencies are priority strategies for a majority of respondents

Share of respondents identifying specific strategies in regards to energy and decarbonization, ranking strategies 1st, 2nd and 3rd



**Note: Excluding divestment in all fossil fuel related companies and others due to low base*

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[2] *Market situation - Module prices remain stable - Has the downward trend stopped? (pveurope.eu)*

emissions (see Methodology section for specific details on how we have segmented this audience) selecting specific strategies compared to lower emission industries.

While 41% of respondents from high-emission industries are investing in renewable energy, 26% from low-emission industries are doing so. We also see 34% of respondents from high-emission sectors looking to integrate low-carbon technologies compared to 20% from low-emission sectors, and 38% from high-emission sectors increasing the operational efficiency of existing processes, compared to 30% of their lower-carbon equivalents.

What we can determine from this is that sectors – and by connection, specific organizations – with higher emissions are targeting strategies and investments to reduce direct emissions first and foremost.

Further down the list of strategies we see elements which may be more dedicated towards specific companies or company types, such as reducing financed or invested emissions (limited to investors and other financial institutions) or carbon capture utilization and storage (limited to heavy industry and hard to abate sectors).

One interesting note from the survey findings is the year-on-year growth in popularity of incentivizing suppliers to decarbonize. While just over 20% of respondents selected this strategy in our 2023 survey, around one-third (33%) of respondents indicated they are pursuing this strategy this year. This would indicate two potential conclusions: that a growing number of organizations have already established strategies for tackling direct emissions, and regulations mandating organizations to reduce Scope 3 emissions are having an impact.

While **41%** of respondents from high-emission industries are investing in renewable energy, **26%** from low-emission industries are doing so.

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Reducing Scope 3 emissions, although imperative for future decarbonization prospects, remains difficult, with a relatively limited portion of organizations expressing complete confidence in their ability to track and record emissions from their supply chains. There are, as our research reveals, three particular strategies for decarbonizing supply chains that organizations are turning to.

As *figure 7* shows, the top three strategies for engaging supply chains include collaborating with industry peers to align on decarbonization of supply chains (selected by 57% of respondents), collaborating directly with suppliers to develop decarbonization strategies (52%) and implementing training and/or awareness programs for supply chain partners (42%).

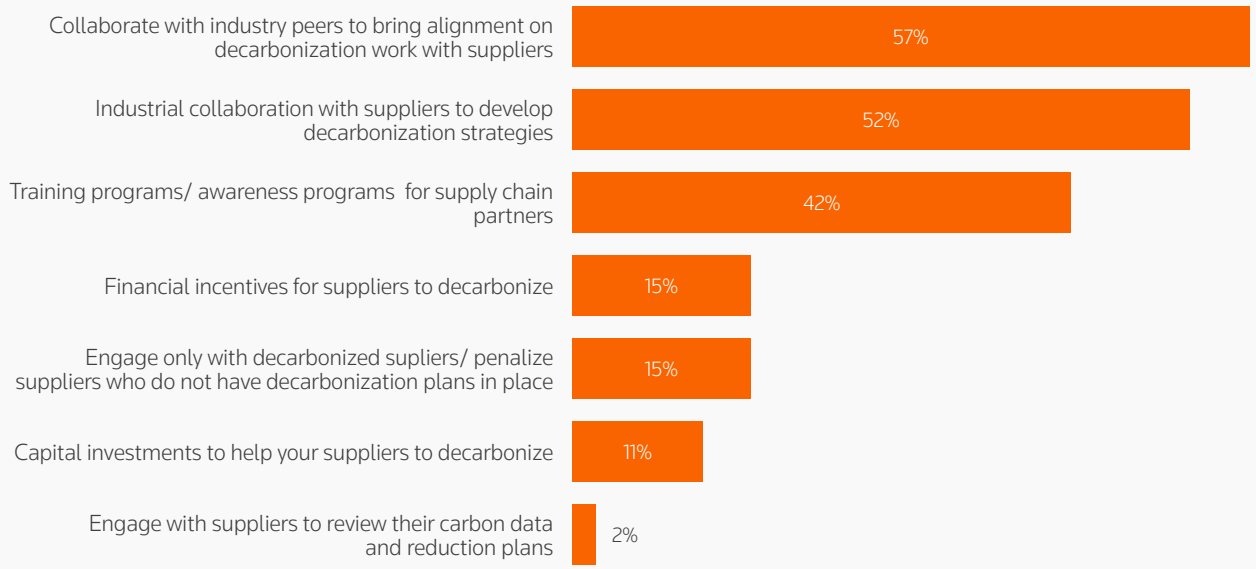
All three leading strategies in this regard could be banded together under a single term: collaboration. We can therefore conclude that universal collaboration – with peers, suppliers and partners alike – is considered a critical component for decarbonizing supply chains and ultimately reducing Scope 3 emissions.

When segmenting our respondents, we see some nuances in how specific audiences have responded. While nearly two-thirds (59%) of respondents from industries with higher emissions are collaborating with suppliers to develop decarbonization strategies, less than half (45%) of respondents from low emission industries indicate the same. We can therefore reasonably conclude that collaborating with supply chain partners is more of a priority for high-

Figure 7

Collaboration across the value chain, from industry peers to suppliers, are pivotal to decarbonizing supply chains

Share of respondents identifying specific approaches to decarbonizing their supply chains



**Note: Excluding the Others from the visualization*

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"I see firsthand how clear, data-driven strategies empower enterprises to achieve real decarbonization. Setting short and long-term goals with suppliers and establishing the right mix of incentives and penalties is essential. But it's technology that truly enables scale, tracking progress in real-time and ensuring accountability. With the right systems in place, companies can manage supplier performance efficiently, rewarding progress and addressing gaps with actionable insights.

Derrick Lampe, *VP - ESG Data Management*

Lythouse

emission industries, a finding that also resonates with the need for high emitters and other hard to abate sectors to take more holistic measures to fully decarbonize.

Conversely, we find that 46% of respondents from low-emission industries are developing training programs for supply chain partners, compared to 36% of respondents from high-emission industries.

More fiscal measures, such as financial incentives or capital investments for suppliers to decarbonize, were selected by 15% and 11% of respondents respectively. It may be the case that organizations are choosing to collaborate – an altogether cheaper option – first, to establish whether this has the necessary impact. If this fails, we may well see these financial measures (in addition to financial penalties, which was selected by 15% of respondents) grow in popularity over the coming years.

Recording and measuring decarbonization success

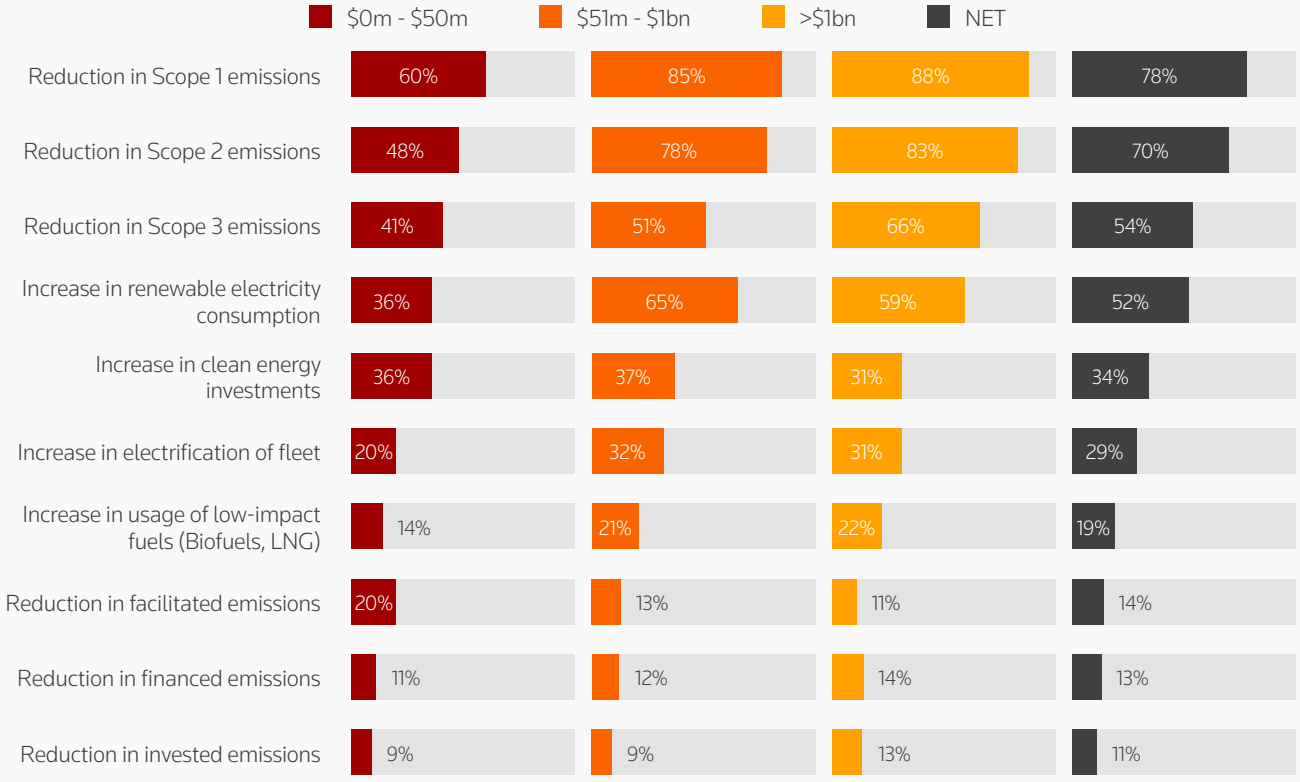
Given how organizations are strategizing for decarbonization, it is perhaps unsurprising that a strong majority of our respondents are measuring this success by net reductions in Scope 1 emissions. As *figure 8* shows, 78% of total respondents use reductions in Scope 1 emissions as a metric for success.

The chart also shows some distinctions between groups of respondents, specifically according to company revenue. A sizeable majority (88%) of respondents from organizations with revenues greater than $1 billion are targeting reductions in Scope 1 emissions, however this share falls to just 60% of respondents from companies with revenues of $50 million or less. While this remains the leading metric of success for smaller organizations, there is evidently less consensus over it.

Figure 8

Reductions in emissions – at diminishing shares from Scope 1 to 3 – are key metrics of success for a majority of respondents

Share of respondents identifying specific metrics for success with regards energy and decarbonization strategies, segmented by company size based on revenue



Note: Excluding others due to low base

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There are similar findings across Scope 2 and 3 emission reductions. While just over half (54%) of total respondents are looking to reduce Scope 3 emissions, 66% of respondents from companies with revenues in excess of $1 billion are looking to do so, compared to just 41% of respondents from smaller organizations. This difference could feasibly be targeted at reporting requirements that fall in line with Europe's Corporate Sustainability Reporting Directive (CSRD) that mandates specific organizations to report Scope 3 emissions. As the number of organizations that fall in line with the CSRD grows – and this reporting trickles down supply chains – we may see this share for respondents grow.

> ***"WHILE JUST OVER HALF (54%) OF TOTAL RESPONDENTS ARE LOOKING TO REDUCE SCOPE 3 EMISSIONS, 66% OF RESPONDENTS FROM LARGE COMPANIES ARE LOOKING TO DO SO, COMPARED TO JUST 41% FROM SMALLER ORGANIZATIONS"***

Another point of interest is in the difference in total respondents that are measuring success by increasing renewable electricity consumption (52%) and those directly investing in clean energy (34%). This would indicate that fewer organizations are specifically investing in renewable generators – either on-site or off-site – than are procuring renewable energy from producers. The latter is obviously a much less Capex-intensive way of securing renewable power, while the former can be facilitated in a number of different ways.

PATRICK/ADOBE STOCK

THE ROLE OF CARBON OFFSETS IN DECARBONIZATION STRATEGIES

Despite much-publicized criticism surrounding the use of carbon offsets, our research reveals that sustainability professionals still regard them as a major contributor to decarbonization strategies, both in the short- and medium-term. A majority (69%) of respondents indicated that carbon offsets will play a critical or significant role in their organization's decarbonization strategy over the next three years, with just 11% stating their contribution will be insignificant. This share remains relatively constant, with 68% of respondents indicating that carbon offsets will play a critical or significant role in the next 5 years, and 65% stating the same over the next 10 years.

It remains unlikely, however, the carbon offsets will be doing any heavy lifting with regards to decarbonization, with our research typically indicating that carbon offsets or trading will account for 20% of organizational decarbonization targets at most. The jury would also appear to still be out over the confidence over whether offsets are contributing towards Paris Agreement targets, perhaps a reflection of negative headlines and revelations.

TENSORSPARK/ADOBE STOCK

CORPORATE DISCLOSURES & REPORTING STRATEGIES

As previously mentioned in this report, the rise of regulations such as Europe's CSRD and equivalent measures in other jurisdictions, organizations are increasingly having to disclose and report their emissions. This is not just a regulatory matter, however. It is now considered best practice to regularly report progress on a range of sustainability measures, irrespective of whether it is legally required.

As such, it is of little surprise that corporate disclosures and reporting is the second-highest priority for respondents to our survey. Given the challenges and nuances of accurate reporting, it is also of little surprise to see the use of technology and automation as the foremost strategy for corporate disclosures and reporting, as indicated by figure 9.

More than half (53%) of respondents indicated that this was among their leading strategies. Our Sustainability Reporting & Data Management Outlook report covers this in significantly more detail, but our research suggests that technology is already playing a critical role in enabling more

ACTIONABLE INSIGHTS:

- Sustainability practitioners are increasingly turning to tools and technologies to support – and more critically automate – elements of their disclosure and reporting function. AI and other automating technologies will therefore be crucial to reporting strategies.
- We see little variation in corporate disclosures and reporting strategies between organizations of different size, location and industry type, indicating that the pressures of reporting are being felt almost universally.
- A majority of organizations are placing importance on educating employees on their sustainability targets and strategies, with the aim of embedding practices throughout the business more successfully.

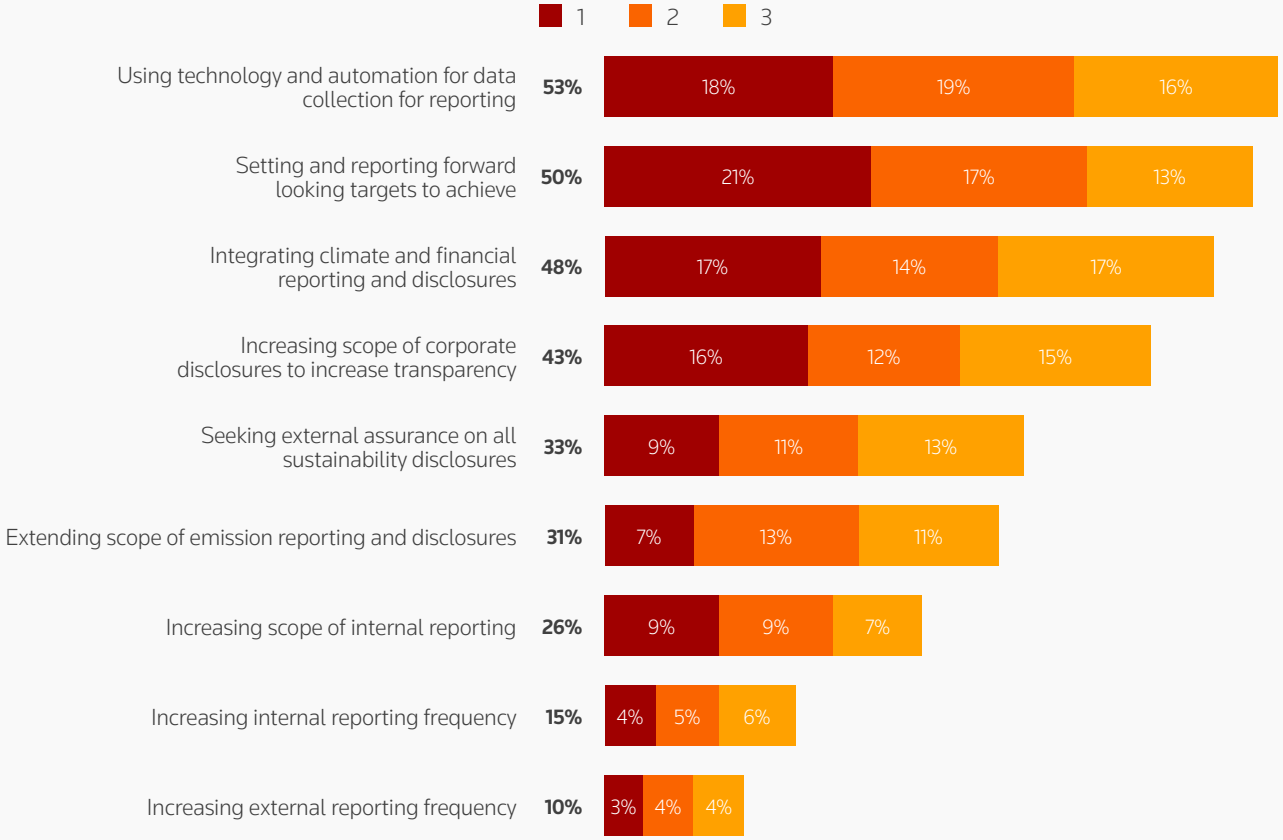
accurate and regular sustainability reporting. Practitioners are equally turning to more sophisticated tools, such as AI and machine learning, to automate much of the time and resource-intensive tasks associated with reporting. This is mostly linked to data-related tasks, especially collection, storing and analyzing sustainability-related data.

While technology adoption is the most selected strategy by our respondents, a greater share of respondents selected the integration of climate and financial reporting disclosures as their first priority (21% vs 18%). While only a few percentage points separate our top two strategies in this regard, that there is a slightly greater emphasis being

Figure 9

A majority of respondents said their organization has prioritized technology and automation for sustainability reporting

Share of respondents selecting key strategies for corporate disclosures and reporting, showing 1st, 2nd and 3rd priorities



Note: Excluding Others due to low base

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The high adoption of technology for sustainability data collection reflects its necessity in today›s complex ESG landscape. With data scattered across suppliers, facilities, and internal systems, and regulations like CSRD requiring audit and assurance of reported metrics, manual collection is no longer viable. It›s time-consuming, error-prone, and risks non-compliance. By leveraging technologies specifically designed for the intricacies of ESG data collection, organizations can transform a potentially overwhelming task into a strategic advantage, enhancing the accuracy and timeliness of their sustainability disclosures while minimizing resource drain and risk exposure.

Murat Sönmez, *Co-Founder and CEO*

pulsora

NATALIA/ADOBE STOCK

placed on integration ahead of technology use may point towards how organizations remain at different stages of their reporting journey. Organizations more familiar with reporting – perhaps having already integrated it into business as usual processes – are perhaps likely to have now turned to technology adoption to streamline those processes.

Regulation will again be a factor in this. As the regulatory envelope widens its scope, more and more organizations will find themselves mandated to report. Integrating – or embedding – those processes will become more common as that regulatory net widens. The nature of how embedded sustainability reporting is within organizations is also discussed within our Sustainability Reporting & Data Management Outlook.

The third most common strategy we see is the setting and reporting of targets to achieve in the future, another crucial component of compliant reporting. Considered collectively, the top three strategies for corporate disclosures and reporting are related to the fundamentals of successful reporting: embedding the correct processes internally, setting forward-looking targets and reporting progress against them, and integrating technologies to help automate some of the tasks involved. Organizations encountering difficulties with their reporting function, or indeed those that are looking to report in the future, should consider their approach to these fundamentals first and foremost.

The aforementioned regulatory envelope could also be shaping some more subtle, regional variances we see within our research. While Europe's CSRD mandates Scope 3 emissions reporting for companies within the directive's criteria, the US Securities and Exchange Commission's most recent requirements fall just short of that.

We do not, however, see much difference in how organizations are strategizing for corporate disclosures and reporting based on their emissions. Respondents from sectors with high and low emissions are typically selecting strategies in similar numbers and fashion – only marginal shifts between strategies, limited to fewer than five percentage points – have been recorded. This perhaps serves as further indication that the challenges of corporate disclosures and reporting are being felt relatively universally across economies.

Figure 10 shows the percentage share of respondents to have selected specific strategies for corporate disclosures and reporting, segmented by the region in which their organization operates and against a survey average

As it highlights, a slightly greater share of respondents from organizations based in Europe – limited to a few percentage points – have selected specific strategies than our survey average. These could be specifically associated with the requirements of compliant reporting, such as setting forward looking targets, increasing the scope of reporting disclosures and increasing transparency.

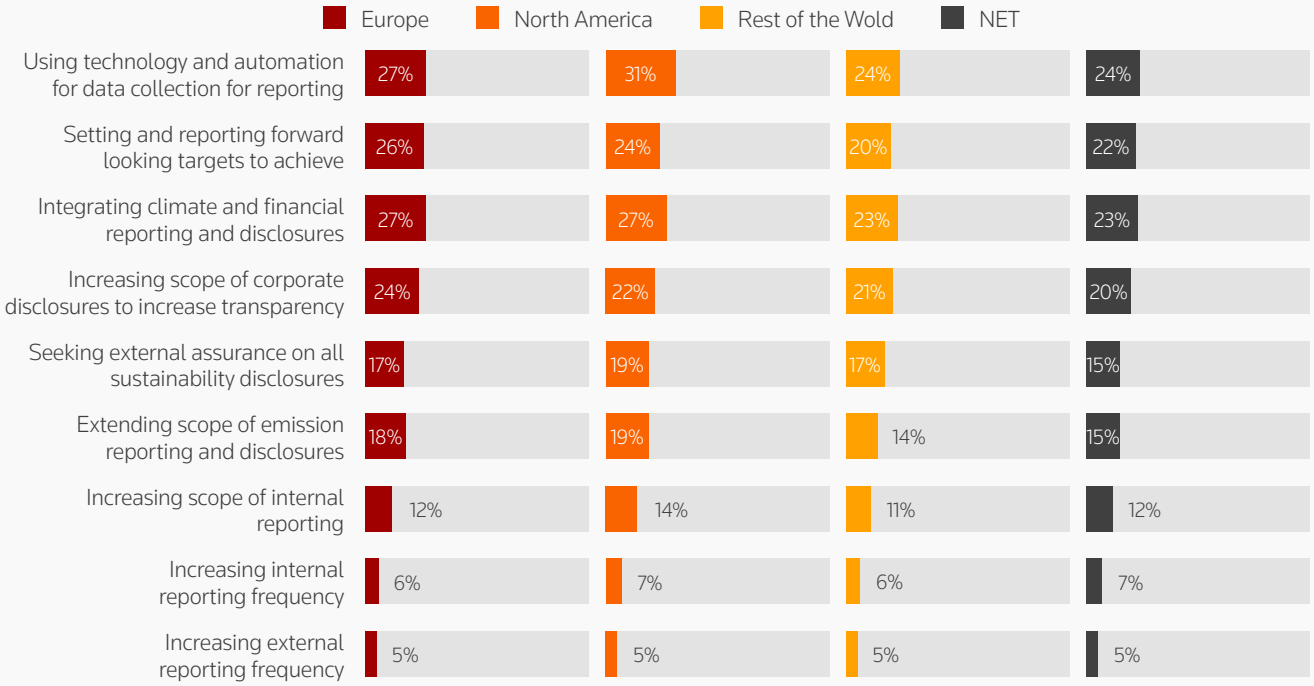
We also see a slightly greater share of respondents from organizations based in North America turning towards technology and automation for data collection than other geographies and indeed our survey average. This could indicate a hotspot for technology investment, with US-based firms appearing more likely to seek efficiencies from technology.

Embedding sustainability as BAU

Accurate and compliant reporting requires the function to be embedded throughout a business. Data must come from

Figure 10 **Forward-looking sustainability targets would appear to be slightly more popular with European respondents, potentially highlighting the impact of CSRD requirements**

Share of respondents identifying strategies for sustainability reporting and corporate disclosures, segmented by region(s) respondent organization operates in



**Note: Excluding others due to low base*

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Across the globe, companies are realizing that technology is no longer optional—it's essential to keeping up with the rapidly evolving regulatory landscape. The frequent updates to corporate disclosure requirements mean that manual processes just won't cut it anymore. We've seen clients from every region beginning to embrace automation and tech solutions to ensure compliance. Those who delay risk falling behind, while those who adopt early are setting themselves up for smoother transitions and long-term success.

Derrick Lampe, *VP - ESG Data Management*

Lythouse

a diverse set of sources, often from multiple – if not all – departments, with large numbers of employees contributing towards tasks. Educating employees on sustainability is therefore a critical component to embedding it within organizations.

As figure 11 shows, educating employees on the organization's actual sustainability strategies is core to this, selected by more than half (58%) of respondents as a priority with regards internal education.

Employee education programs is followed by training programs designed to help employees implement sustainability initiatives and engaging employees in the development of new sustainability initiatives, selected by 43% of respondents each. Resource is evidently also being geared towards embedding sustainability within senior management capacities. Forty per-cent of respondents said their organization had prioritized educating board members on sustainability-related risks and opportunities, while 37% said their organization was working with department heads to embed sustainability within other roles.

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What we are perhaps not seeing in our research is the creation of sustainability-linked KPIs, with 31% of respondents stating their organization has adopted this approach and just 10% having established it as their top priority. While this has been spoken of for some time as a possible route to engaging teams with sustainability as core to future business prospects, that is not being prioritized by a majority of respondents may indicate a lack of confidence in the approach to properly incentivize sustainability gains.

Figure 11

While employee education programs remain popular, there is less uptake for sustainability metric KPIs

Share of respondents identifying strategies for internal education of sustainability initiatives, ranking strategies 1st, 2nd and 3rd in order of priority

**Note: Excluding rewarding employees for participation in sustainability initiatives and others due to low base*

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WASTE AND THE CIRCULAR ECONOMY

Similar to how we see action in other strategic priorities, there is a clear priority for a majority of respondents with regards waste and the circular economy: recycling waste from existing operations. This was identified as a priority by 53% of respondents, a distinctly similar result to last year's research.

As *figure 12* shows, recycling waste is joined by using recycled raw materials in existing processes – selected by 43% of respondents – to make our top two strategies for waste and the circular economy.

When segmenting for respondent groups, we see that greater shares of respondents from high-emission industries selected these two strategies – 26% and 23% respectively

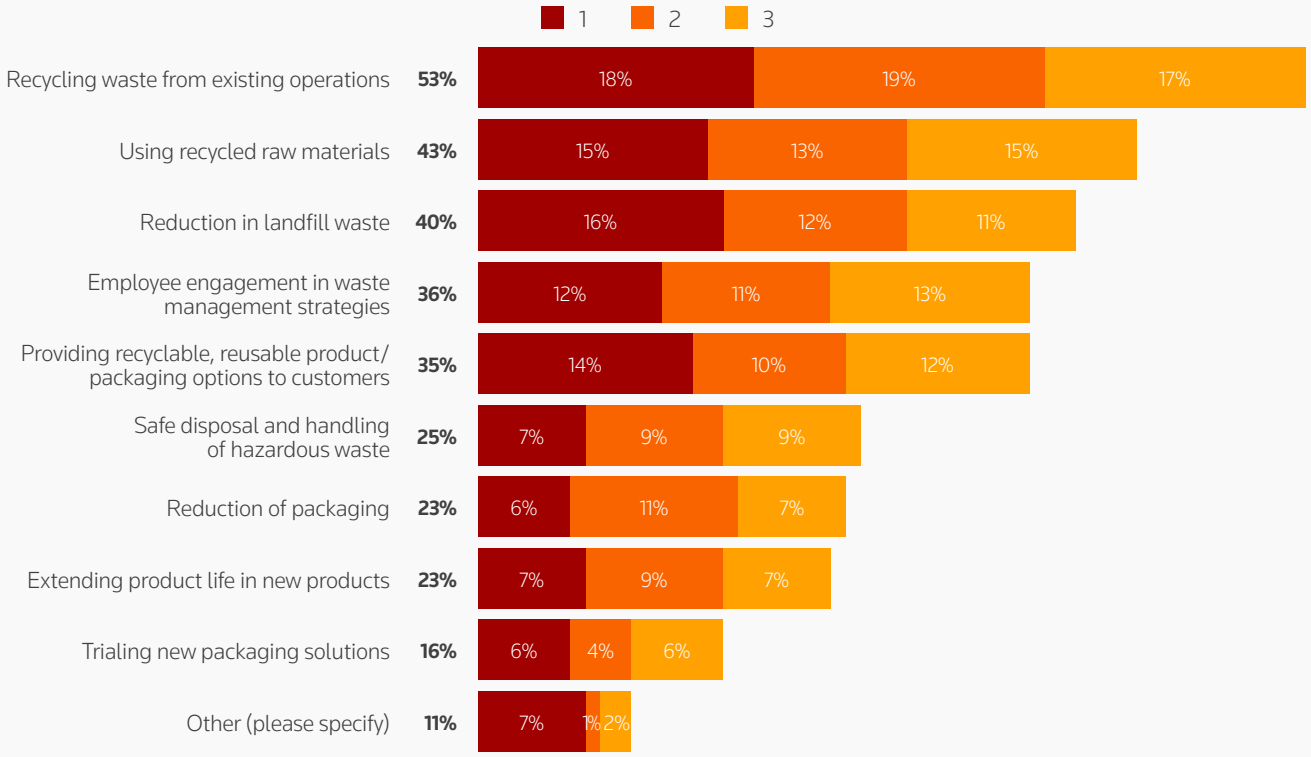
ACTIONABLE INSIGHTS:

- While recycling waste is the most popular strategy again this year, we do see a year-on-year shift in the strategies surrounding product packaging. A lower share of respondents this year selected reducing overall packaging, with a greater share of respondents identifying providing recyclable or reusable packaging as a priority.
- Organizations are largely measuring for success in this regard by reducing landfill waste and the use of single-use plastics, identified by 66% and 55% of respondents respectively.

Figure 12

Recycling waste and using recycled raw materials are key strategies with regards the circular economy

Share of respondents identifying strategies for waste and the circular economy, ranking strategies 1st, 2nd and 3rd in order of priority



**Note: The percentages might not add up to 100 percent due to rounding error.*

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– than respondents from low-emission industries – 17% and 12% respectively.

One possible conclusion to take from this data is that high-emission or hard to abate sectors are more acutely aware of their waste and/or the need to have more significant strategies for waste and raw materials, given the nature of their business. This may also explain why we see these strategies being selected by smaller shares respondents of low-emission industries.

Comparing our year-on-year research, we also see some interesting movements in the popularity of particular approaches. Reducing packaging, selected by around 30% of respondents to our 2023 survey, is selected by just 23% of respondents this year. Meanwhile, the popularity of providing recyclable or reusable packaging options to customers would appear to have increased, selected by 35% of respondents this year compared to around 31% in 2023.

This may point to shift in overall strategies for product packaging, based on either public or consumer demand and

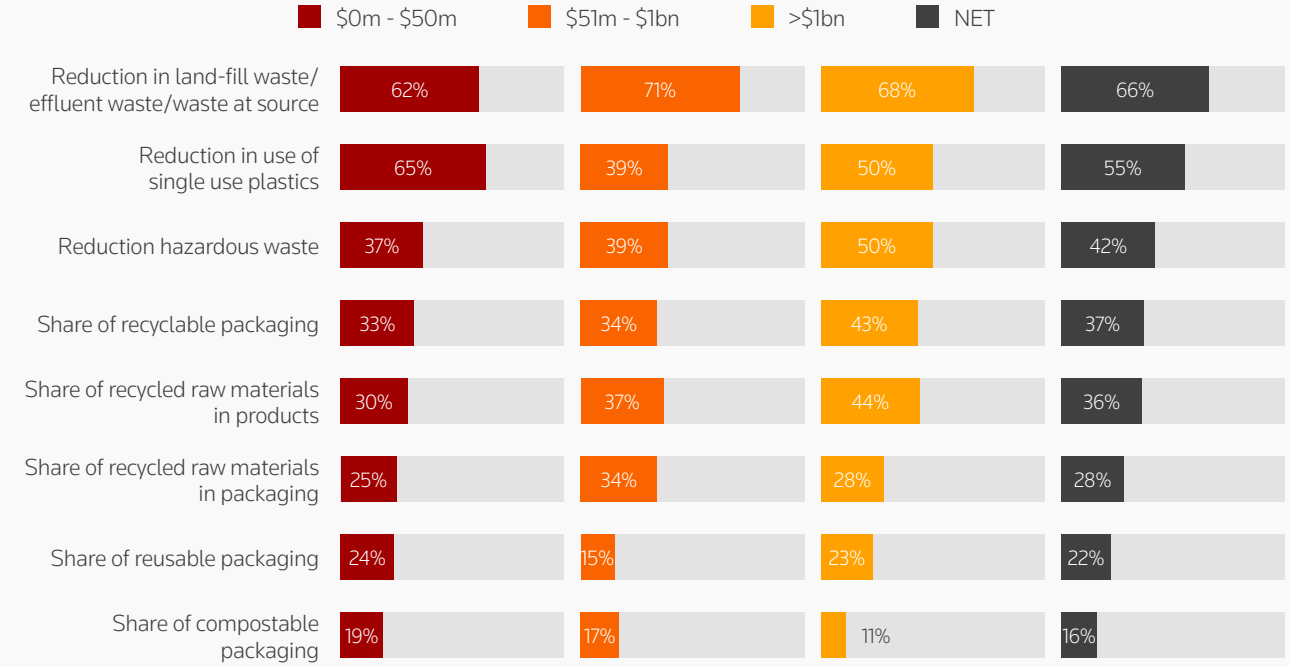
VXNAGHIYEV/ADOBE STOCK

the availability of new, recyclable packaging options. We see this emerging in the number of metrics for success related to packaging being used by organizations to track the success of such strategies, as shown in *figure 13*.

Figure 13

Nearly two-thirds of smaller firms are reducing single-use plastics, compared to a survey net of 55%

Share of respondents identifying metrics for success in relation to waste and the circular economy, segmented by company size according to revenue



**Note: Excluding share of waste/product recycled/ reused and others due to low base*

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SASHAMAGIC/ADOBE STOCK

"THE PREVALENCE OF PACKAGING-RELATED METRICS MAY BE A CONSEQUENCE OF THE EUROPEAN COMMISSION'S WASTE FRAMEWORK DIRECTIVE, WHICH SETS SPECIFIC TARGETS FOR PREPARING MATERIALS FOR RE-USE AND RECYCLING"

Increasing the share of recyclable packaging, the share of recycled raw materials in packaging, the use of reusable packaging and the use of compostable packaging are being used as metrics by 37%, 28%, 22% and 16% of total survey respondents respectively. This indicates the number of packaging-related metrics used by organizations today, which in turn could be considered to highlight the importance of addressing packaging. This may be a consequence of the European Commission's Waste Framework Directive which, alongside establishing definitions for waste, sets specific targets for preparing materials for re-use and recycling out to 2035.

Furthermore, we also see – and as figure 13 also illustrates – how a greater share of respondents from organizations with revenues greater than $1 billion (43%) use the share of recyclable packaging as metric compared to smaller organizations (34% and 33%, for our two smaller revenue brackets shown).

Outside of this, we see that a majority of organizations use reductions in the amount of landfill waste and the use of single-use plastics as further metrics to measure success. These were selected by 66% and 55% of respondents respectively. We do, however, see a greater share of respondents from smaller organizations – those in the $0 – 50 million revenue bracket – identify the use of single-use plastics as a metric for success than other organizations.

HUMAN RIGHTS, SOCIAL ISSUES AND DEI

Addressing human rights, social issues and diversity, equity and inclusion (DEI) within a business environment is perhaps a daunting task. A multitude of issues arise and often they require subtle, more nuanced approaches than typical challenges a business may face.

However as *figure 14* illustrates, our respondents have highlighted one considerably popular strategy for this in enforcing workforce DEI targets. This was selected as a strategic priority for almost two-thirds (63%) of respondents, and was the top priority for 31%. The share of respondents prioritizing DEI targets has actually increased year-on-year, rising from 59% of respondents in the 2023 edition of our survey.

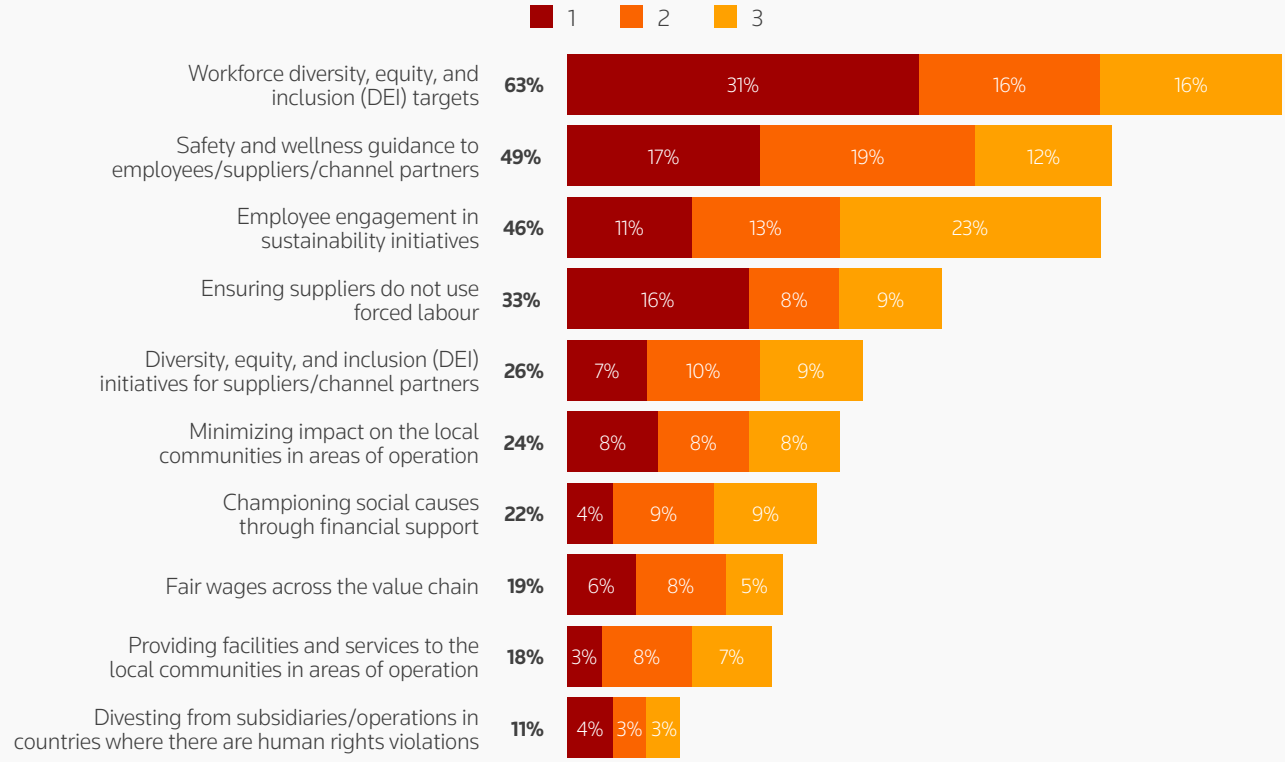
ACTIONABLE INSIGHTS:

- Contrary to a much-reported backlash to workforce DEI targets in certain markets, our research shows no year-on-year contraction in their popularity as a strategy. Such targets would appear to be becoming more universal across our respondent base.
- Issuing safety and wellness guidance to stakeholders is also popular, but would appear more popular with larger companies, indicating potential cost barriers to their introduction.

Figure 14

Despite public backlash, workforce DEI targets remain a priority for a majority of respondents

Share of respondents identifying strategies for human rights and social issues, ranking strategies 1st, 2nd and 3rd by priority



**Note: The percentages might not add up to 100 percent due to rounding error. Excluding social and affordablt housing due to low base*

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In fact, the top three strategies in this regard have remained the same, with safety and wellness guidance for stakeholders (49% of respondents) and employee engagement in sustainability initiatives (46%) identified as the second and third most popular strategic priority respectively.

Perhaps interestingly, we have recorded a sizeable increase in the share of respondents indicating they have initiated DEI initiative for suppliers and/or channel partners. While around 15% of respondents identified this as a priority in our 2023 survey, 26% of respondents have done so this year. We can therefore consider that DEI targets and initiatives, in addition to being the leading internal strategy, is becoming more universal, with organizations looking to address equality throughout their value chains.

Another interesting conclusion to draw from our research is that DEI targets are almost universally popular globally. We see little difference in the share of respondents prioritizing DEI workforce targets between respondents whose organizations are based in Europe, North America and the Rest of the World. This may be a surprising result when considering the much-publicized backlash to DEI initiatives seen within the United States.

> ***"WE SEE LITTLE DIFFERENCE IN THE SHARE OF RESPONDENTS PRIORITIZING DEI WORKFORCE TARGETS GLOBALLY, DESPITE A MUCH-PUBLICIZED BACKLASH TO DEI INITITIVES SEEN WITHIN THE UNITED STATES."***

This DEI backlash has taken many forms, from critical news headlines to internal opposition from employees. As a result, many organizations have stopped publicizing their DEI efforts, leading to some concern that this was taking a form of 'greenhushing', essentially organizations hiding such initiatives for fear of criticism.

Our research, that can prove that DEI targets remain as popular as in previous years, irrespective of geographical location, would indicate that the backlash has done little to dissuade organizations of their benefits. Our research is further supported by other work in this area, with a similar

[3] https://irp.cdn-website.com/0dd693a6/files/uploaded/Briefing%20-%20Senior%20Executives%20on%20Diversity%20Initiatives%20vEXTERNAL.pdf

survey conducted by Morning Consult in January 2024 revealing that 82% of executives consider diversity initiatives as critical to their strategies, while more than two-thirds expect efforts to become more important in the years ahead.[3]

We do, however, see some subtle differences when we compare the responses by company size in terms of revenue. As shown in figure 15, a greater share of respondents from organizations with revenues greater than $1 billion (35%) have selected workforce DEI targets as a leading strategy than our survey NET. We could therefore reasonably conclude that larger companies either have more of a strategic imperative to establish workforce DEI targets, or consider it easier to do so.

There is a similar, albeit less pronounced, lean towards safety and wellness guidance for stakeholders within larger businesses. Just 12% of respondents from organizations

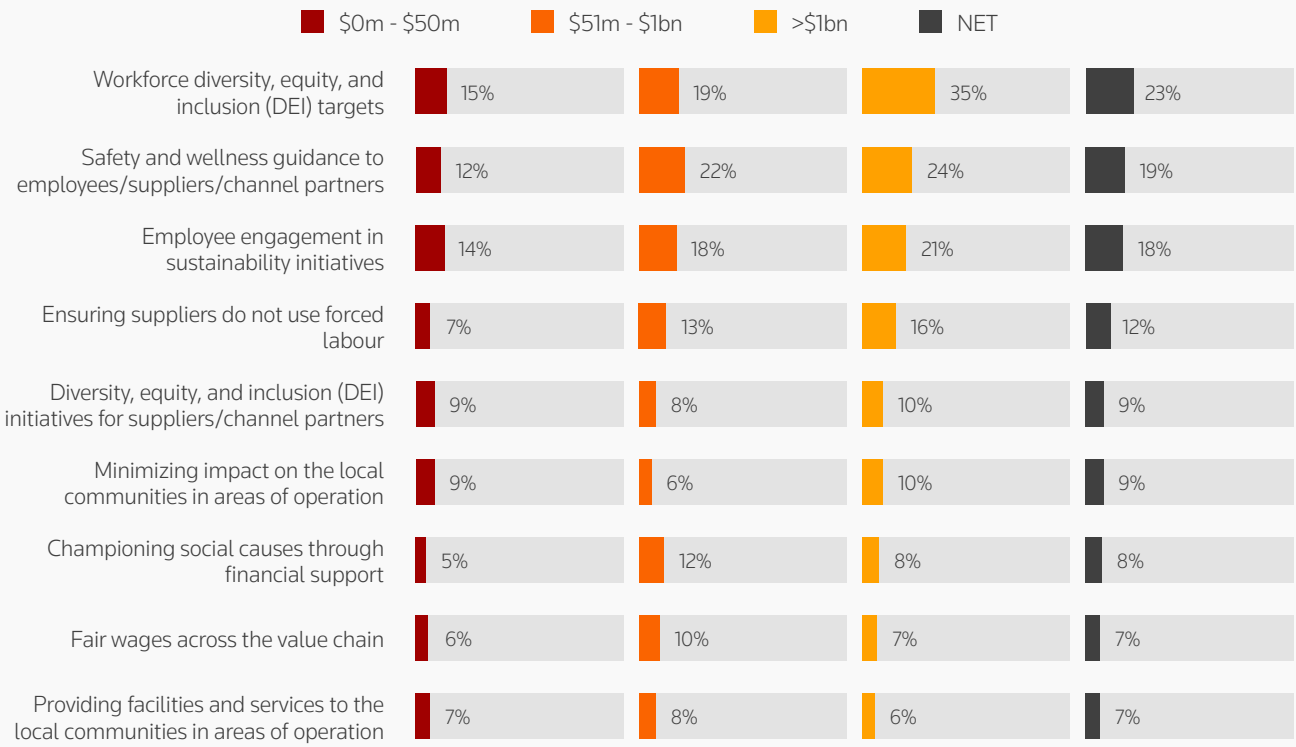
STARMARPRO/ADOBE STOCK

within our smallest revenue bracket identified this as a strategy, compared to 22% and 24% from our larger revenue brackets. From this we could possibly determine that issuing such guidance is considered a more expensive initiative, one that smaller organizations are evidently less likely to consider paying for.

Figure 15

More than twice the share of respondents from larger companies identified workforce DEI targets than respondents from SMEs

Share of respondents identifying strategies for human rights and social issues, segmented by company size according to revenue



**Note: Excluding divesting from subsidiaries/operations in countries where there are human rights violations, social and affordable housing, and others due to low base*

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NATURE, BIODIVERSITY AND WATER STEWARDSHIP

It is perhaps an indication as to the wealth of options available – and the level of action required – on nature and biodiversity, that our polling on priorities is so close. Just 15 percentage points separate our top and fifth-most popular strategies, with 10 strategies in total being selected by at least 20% of our respondents.

As *figure 16* highlights, we see a strong steer towards collaborating with local or indigenous communities to protect local nature, selected by 46% of respondents. Responsible sourcing of raw materials or ingredients is the next most popular strategy, identified by 43% of total respondents.

When comparing our year-on-year results, we see some

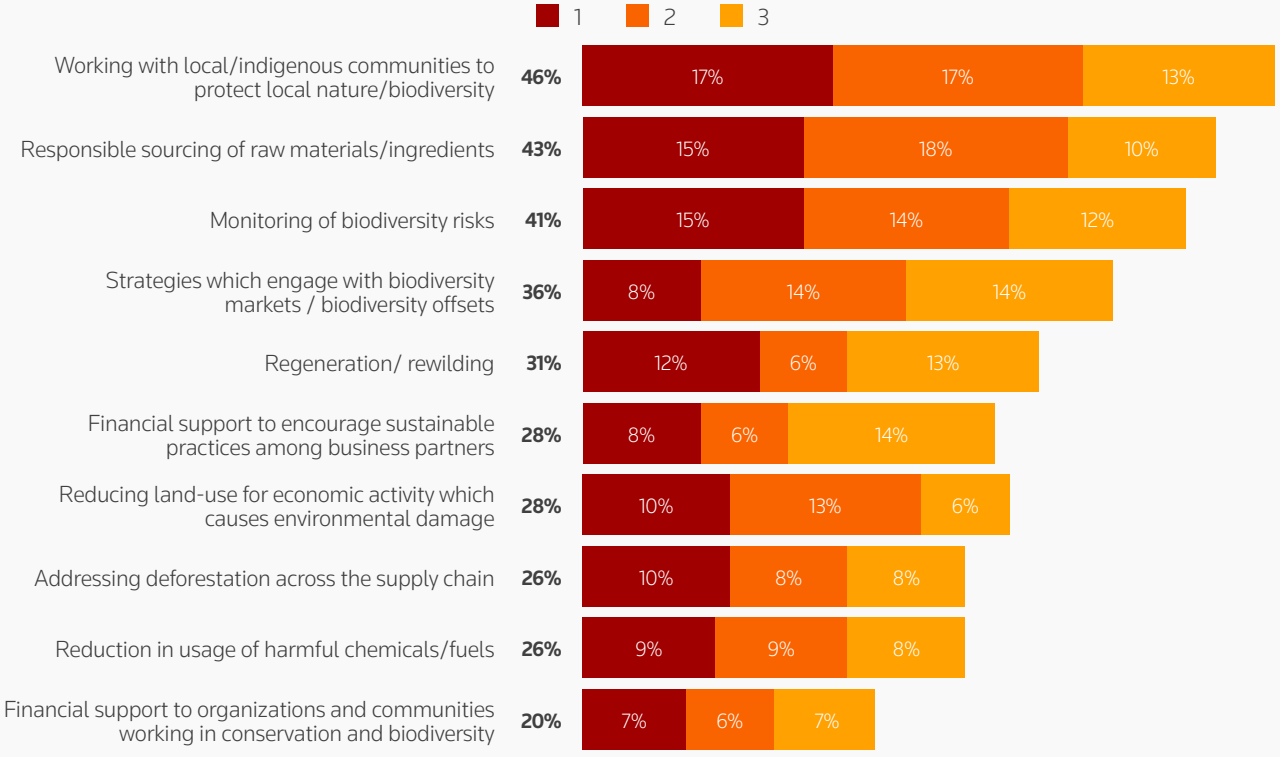
ACTIONABLE INSIGHTS:

- That 10 strategic initiatives have been selected by at least 20% of our respondents with regards nature and biodiversity indicates both the wealth of options available, and the multi-faceted nature of incorporating nature into sustainability plans.
- A majority (69%) of respondents said their organization is committed to reducing water consumption within organizations, making it the logical first step in improving water stewardship. Only after this would organizations appear to be moving onto other strategies, such as water treatment and recycling.

Figure 16

Ten nature and biodiversity strategies were identified by at least 20% of respondents, highlighting the wide array of approaches pursued by businesses

Share of respondents identifying specific strategies for nature and biodiversity, ranking strategies 1st, 2nd and 3rd by order of priority



**Note: The percentages might not add up to 100 percent due to rounding error. Excluding others due to low base*

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significant shifts. Working with indigenous communities was selected by less than 30% of respondents in last year's survey, whereas this year it is our most popular strategy. While addressing deforestation was the second most popular strategy in last year's survey, it was selected by around 27% of total respondents – a figure broadly equivalent with this year's survey results. That deforestation is now the joint-eighth most popular strategy – or indeed, second-least popular, to view the table differently – reflects not the decreasing share of respondents addressing it, but how other strategies have grown in popularity.

This perhaps speaks to how there is a growing understanding of the many different approaches required to deliver meaningful change in the protection of nature and biodiversity. Rather than in other strategic priorities we have discussed in this report, nature and biodiversity requires a multifaceted approach that is adaptable.

There is less deliberation of the right approach to improving water stewardship, as *figure 17* illustrates.

More than two-thirds (69%) of respondents state that they are looking to reduce water consumption in existing operations, establishing it as the foremost strategy for water stewardship today.

Perhaps more interestingly, however, is that water treatment and recycling – selected by 56% of respondents as a priority

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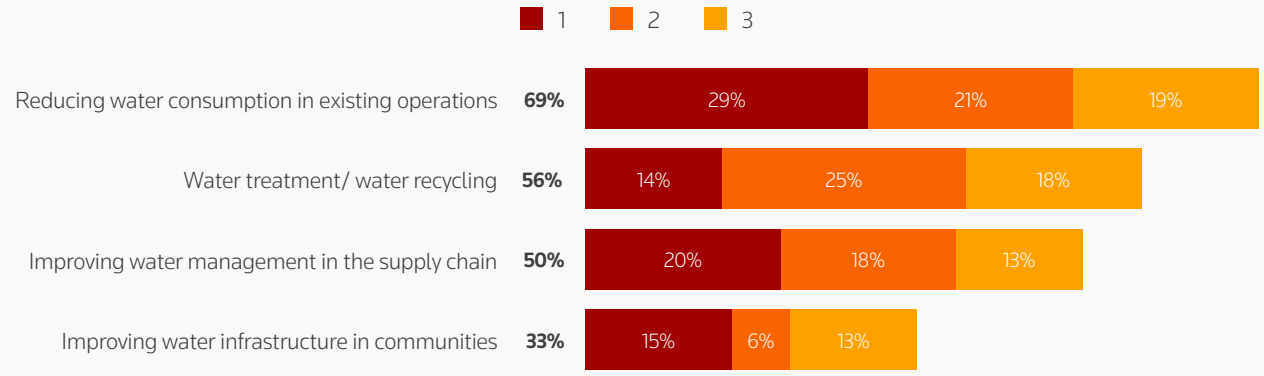
Figure 17

A majority of respondents are prioritizing reducing water from existing operations

Share of respondents identifying specific strategies for water stewardship, ranking strategies 1st, 2nd and 3rd by order of priority



**Note: The percentages might not add up to 100 percent due to rounding error. Excluding collaborating with organizations working in water conservation, reducing/ relocating water withdrawals from regions of high stress, providing training in water management practices, and others due to low base*

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area – was only selected as the leading strategy by 14% of respondents. One quarter of respondents selected this as their second priority, leading us to conclude that perhaps this is the next step in a water stewardship journey that very much starts with reducing water use first and foremost.

Figure 18 highlights how organizations are measuring their success in nature and biodiversity, segmented by organizational size in terms of revenue.

As the chart shows, while there is broad alignment in most metrics for success – reducing the use of chemicals harmful to biodiversity being the most common – there is a strong steer within our large organization segment towards reducing the number of significant environmental incidents. Against a survey NET of 37% of respondents selecting this metric, more than half of respondents from organizations with revenues greater than $1 billion did so, indicating how such incidents are perhaps more likely to occur to organizations of this size.

A similar skew was also seen with regards to respondents from low-emission and high-emission industries. While

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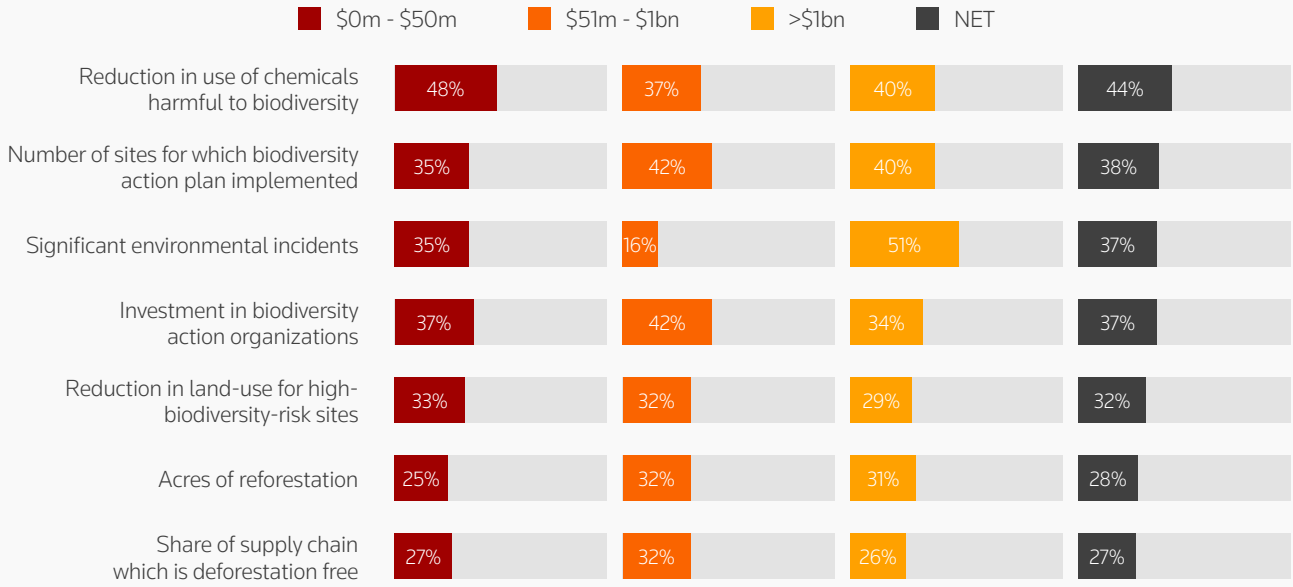
around 30% of respondents from low-emission industries indicated that they monitor environmental incidents, 39% of respondents high-emission industries did so. This is perhaps reflective of the types of organizations within this group, specifically the likes of oil and gas, petrochemical and mining organizations.

Figure 18

Larger organizations are more likely to hold reducing the number of significant environmental incidents as a metric for success, indicating the types of business falling into this category

Share of respondents identifying metrics for success with regards nature and biodiversity, segmented by company size according to revenue



**Note: Excluding number of siters for which biodiversity risk assessment, fines and prosecutions, and others due to low base*

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METHODOLOGY

The Reuters Events Sustainability Strategy and Implementation Survey 2024 was conducted in the second quarter of 2024 engaging sustainability professionals and practitioners across industries including professional and business services, agriculture and finishing, automotive, banking, chemicals, construction and infrastructure, education, energy, FMCG, food and beverage, healthcare, hospitality, insurance, investment institution, legal, logistics, manufacturing (non-food manufacturing), media, mining and materials, non-for-profit/voluntary/charity/third sector, pharmaceuticals, public and government, real estate, retail, software, supply chain, technology, telecommunications, transportation, utilities, among others.

A total of 760, respondents from regions across the globe participated in the survey with 30% of the respondents based in the U.S. and 16% in the U.K. A high share of respondents (65%) is in leadership, board, or senior management roles, with responsibilities across multiple functions while 18% are in mid-management roles. There is diversity in the types of organizations that participated in the survey. Fifty-four per-cent of the respondents are in private companies, 29% in public companies, 8% are in voluntary/ NGOs and 7% are in government or state-owned corporations. Sixty-four per-cent of participants are working in organizations that have operations in Europe, 49% in Asia, 48% in North America, 33% in Africa, 32% in Central & South America, 29% in the Middle East, and 28% in Australia.

Forty-two per-cent of companies surveyed have revenues of less than $50 million, 20% have revenues between $51 million and $1 billion, and more than one-third (39%) have revenues over $1 billion. Forty per-cent of the respondents reported their employee headcount to be under 250. Twenty-six per-cent were mid-sized at 250-5,000 employees and more than one-third (34%) reported over 5,000 employees.

Our benchmarks of low GHG and high GHG industries follow the carbon footprint benchmarks by the U.K.'s Office for National Statistics (ONS) in 2023 and the report by the U.S.'s Environmental Protection Agency (EPA) in 2024.

According to the ONS 2023, the largest share of industrial CO2 emissions comes from sectors with high greenhouse gas (GHG) emissions intensity. Greenhouse gas emissions intensity is calculated by dividing the level of greenhouse gas emissions by gross value added (GVA). This means the difference between the value of goods and services produced

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(output) and the cost of raw materials and other inputs which are used up in production (intermediate consumption). GVA are chained volume measures, in constant prices with 2019 as the base year. All emissions intensity figures are calculated excluding consumer expenditure (often referred to as 'households' in the article accompanying this dataset). The matrices of greenhouse gases under the Kyoto Protocol are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF3) and sulphur hexafluoride (SF6).

Regarding the industries from whom we collected in this survey, low GHG industries include professional and business services, education, FMCG, food and beverage, banking, healthcare, hospitality, insurance, investment institution, legal, media, non-for-profit/voluntary/charity/third sector, pharmaceuticals, public sector and government, retail, technology, telecommunications, software. High GHG industries include agriculture and fishing, automotive, chemicals, construction and infrastructure, energy, real estate, logistics, manufacturing (non-food manufacturing), mining and materials, transportation, supply chain, and utilities.

The data was gathered through web surveys which were designed and implemented following strict market research guidelines and principles.