Sustainability and the Board

Findings from the Sustainability Leaders Panel
Wave 3 Research
June 2025

echo Goodbusiness Mishcon de Reya

Introduction

It is a tumultuous time to be a sustainability professional. From strong political headwinds to pulling back from once-powerful investor alliances, and delaying or diluting key regulations intended to increase transparency and accountability around businesses' social and environmental impacts — the signals do not seem positive for those focused on the powerful role that businesses can play in addressing the challenges the world faces.

Against this backdrop, it's encouraging to see our panel report that their boards' engagement with sustainability remains undimmed. Interest in sustainability issues remains high — it's even increased over the last 12 months, according to almost a third of respondents, and few feel under pressure to scale back initiatives on net zero, diversity, equity and inclusion (DEI) and human rights.

There is still considerable work to do to ensure that boards have the information and knowledge they need to navigate the new challenges they will face, but the foundations are solid. Companies need to navigate a tricky path, balancing impact and reputation. Against the backdrop of an unabated commitment to continued action, there is also greater wariness to communicate externally and greater need for care in the language that is used.

While some may be reining in their ambition, emboldened by legislative retrenchment or alarmed by political challenges, most are holding firm. We would like to encourage sustainability professionals to take heart from the results of this survey and use this moment, and their influence, to further strengthen sustainability governance and foresight, and continue to engage their boards on the journey. It's never been more needed, and as an investment in the future, it will pay enormous dividends.

About the panel

The Sustainability Leaders Panel is an initiative from Echo Research, Good Business and Mishcon de Reya. Twice a year, we seek insights and perspectives from senior sustainability leaders working client-side to share their thoughts on issues that matter.

Our aim in convening the panel is to provide regular insights into the sustainability landscape in the UK and elsewhere, exploring themes and emerging trends. Previous surveys have explored the role of the sustainability leader in creating change and the way in which businesses are addressing sustainability reporting and disclosures as the legislative bar is raised across the world.

This survey looks at the way in which boards are responding to sustainability challenges, how they make decisions and what they prioritise and value. We would welcome any feedback or questions on the insights we share here.

If you have any questions on the data, would like to suggest questions for future surveys or would like to participate in the panel, please contact Matt Painter at Echo Research, Giles Gibbons at Good Business or Dan Gray at Mishcon de Reya.

Reflections

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While we're always very interested in what the Sustainability Leaders Panel data tells us, we were perhaps particularly interested in this wave. In the face of all the uncertainty, political and cultural turmoil, and hand wringing about sustainability, it seemed a very pertinent time to take the temperature in the boardroom.

We think the results are both fascinating and really encouraging. They provide a reassuring counterbalance to the sea of signals.

This is most evident in the continued commitment to action. Only 12% of respondents think that their board's level of ambition around sustainability will decrease in the next 12 months, with 37% saying it will become more ambitious. Boards are reported to be ever more interested in sustainability issues, and understand the impacts, risks and commercial imperatives. Only 22% said their boards felt pressure to scale back DEI and climate-related initiatives and just 8% said this about human rights. This aligns with what we are seeing with many clients: amidst the noise, the hard, slow work of doing and creating change goes on.

This is not to say that everything is as it was. There is strong awareness of the cultural context, with 61% saying sustainability issues are becoming more divisive. This, alongside the impact of the EU Omnibus, is having an impact on disclosures and communications. Nearly two in three say they now have to be more careful about the language they use around sustainability and DEI. This makes sense, as does the fact that many are hitting pause on public reporting while waiting for more clarity about the regulatory landscape ahead.

Times are changing, and businesses should change with them. A shift in language makes sense, as does a refocusing and recontextualising of action.

There is clear evidence of the increasing need to put sustainability firmly within the context of business performance and resilience, which further chimes with the conversations we're having. 71% say that clearer links to financial performance and investor expectations would help drive further board-level ambition.

This makes sense too. Creating real change on social and environmental impacts is hard. The choice to invest in this change, and deliver substantive impact, has to be a business decision. Sustainability professionals need to help boards understand sustainability-related impacts, risks and opportunities, identify areas where resilience needs to be increased and spot opportunities for transformation which will drive the business and its brands into the future, and make the case for closer alignment between financial incentive plans for boards and sustainability targets. But, given that 65% of respondents say their board already sees sustainability as a key driver of commercial success we'd like to think this can happen.

Overall, we find these results heartening. The more we see substantive action, framed around a business rationale, the greater the case for ongoing change becomes. The more substantive change happens, the easier communicating it will be too.

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This wave, the strong message from our Sustainability Leaders Panel is the imperative to tighten up. Articulating the link between sustainability goals, financial performance and investor expectations (71%), and increasing clarity in sustainability and DEI language (63%) are seen as critical.

The politicisation of sustainability issues has created a new perception of risk. Boards are asking for greater clarity of the business case, to back their belief that sustainability is a key driver of commercial success (65%). This more sophisticated understanding of the symbiotic relationship between a business, its community and environment is increasingly important for companies that are seeking to have the edge on their competitors.

Interestingly, while the application of key sustainability regulations is being delayed or diluted, boards are nevertheless incorporating several of the best practices those regulations expect, to enable them to make more informed decisions. For example, more than half of respondents indicate that their organisations have carried out double materiality assessment of sustainability-related impacts, risks and opportunities (56%) in the past 12 months, and the same proportion reports boards having long and/or short-term incentives linked to sustainability targets.

However, survey results also reveal some worrying findings — not least 44% of respondents reporting that their boards have received no sustainability-related training of any kind, while only 6% have received comprehensive training on issues identified as material to their businesses.

Resources informing board decision-making also skew heavily in favour of internal reports and metrics vs external inputs, suggesting that, while operational information flows to the board are strong, they may be lacking broader context i.e., how the persistent overshoot of planetary boundaries threatens business continuity, asset valuations, supply chain resilience, and the maintenance of conditions conducive to retaining shareholder value.

While it's heartening to see so many having undertaken double materiality assessments, there are also signs that this continues to be seen as a reporting compliance exercise, rather than a vital input into overall strategy and governance. For example, while resulting insights may have influenced changes to targets (48%) and risk management (46%), they've done far less to affect overall business strategy (26%), choice of suppliers or raw materials (20%), or product and service innovation (19%).

As mandatory disclosure obligations are delayed, and boards seek to dial back corporate sustainability communications, we strongly encourage sustainability leaders to use this breathing space to focus on closing these critical governance gaps. Businesses that use this moment to strengthen their sustainability governance and foresight will be far better prepared to invest wisely in sustainable transition and to communicate their progress with confidence.

Matt Painter
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Brad Smith, President of Microsoft has said, "few questions require more thought than [the] question of when do you use the company's voice and when you do not?"

This has never been more true. In our Sustainability Leaders Panel survey, nearly two thirds say they have to be more careful about the language they use in their sustainability and DEI reporting.

Their caution is a response to the increasingly polarised political climate. Three in five think sustainability issues are becoming more divisive, while a quarter say this makes it harder to get the board to engage.

"The current economic and political uncertainty is leading to the board wanting to slow down (but not stop) our sustainability programmes."

For instance, a recent US study found two in five Fortune companies are planning to scale back their Pride engagement this year. But pressure from employees, customers and investors to take action hasn't gone away. Rowing back on climate or diversity commitments doesn't just invite accusations of hypocrisy – it can also mean missing out on top talent or losing sales.

Sustainability leaders might feel trapped between a rock and a hard place. The imperative to take action is still there, but the reputation risks are greater than ever. So how are they responding?

Our survey provides some intriguing answers. On the one hand, two in five say it's getting riskier to communicate openly on sustainability issues. But far fewer, just one in five, feel under pressure to scale back their net zero or DEI initiatives in practice.

So, we're seeing a growing gap between action and narrative. Increasingly, organisations are walking the walk, but not talking the talk.

"Words may have to change but commitments and conviction will not".

Some Panel members are dialling down communications: retreating from the public arena for fear of backlash (greenhushing, or a 'spiral of silence'). Others are choosing their language more carefully, to avoid antagonising polarised stakeholder groups.

"We no longer use ESG or DEI; we have replaced with Responsible Business and Culture. This doesn't change our approach but avoids backlash which is politically driven".

When it comes to choosing which issues to engage with (licence to speak) and which to avoid, the ABC Test is a helpful tool:

- Authenticity: do we have a demonstrable track record of action? "Moving away from broad terms and making sure we have robust substantiation on any claims".
- Business case: is this issue aligned with our purpose, strategy and values?
- Credibility: is our position clear and robust? "[Avoid] anything that is vague or ill-defined".

Today's sustainability leaders are playing a vital role in helping boards navigate reputational and strategic challenges. As our survey shows, to do this effectively they need up-to-date intelligence on stakeholder expectations, risks and opportunities.

Key Takeaways

1

Most boards are engaged with sustainability issues. They take an active interest and understand the impacts, reputational risks, and commercial imperatives.

2

49% of respondents report greater board-level interest in sustainability issues over the past year, though 31% see declining appetite at board level to communicate externally on sustainability.

3

Looking ahead to the next 12 months, 37% expect their board to become more ambitious on sustainability (but just 6% say much more so).

4

56% of respondents say their organisations have conducted a double materiality assessment in the last year. These have fed into changes around target-setting, KPIs, risk management, board engagement and resilience planning.

5

44% of boards have received no sustainability training in the last year, and lack of board-level understanding is cited as an obstacle to greater engagement by 32% of sustainability leaders.

6

45% of respondents say that the sustainability function is included in board discussions all or most of the time. Of these, 55% report a good level of influence over decisions. This is most often via a CSO or dedicated board executive.

7

Levels of ambition (or lack thereof) are a frustration for many sustainability leaders. To generate more ambition, clearer links between sustainability and financial/ investor interests would be helpful — as would stronger regulatory and policy signals.

8

63% say they now have to be more careful in the language they use around sustainability and DEI, because sustainability is becoming more divisive in the current political climate.

9

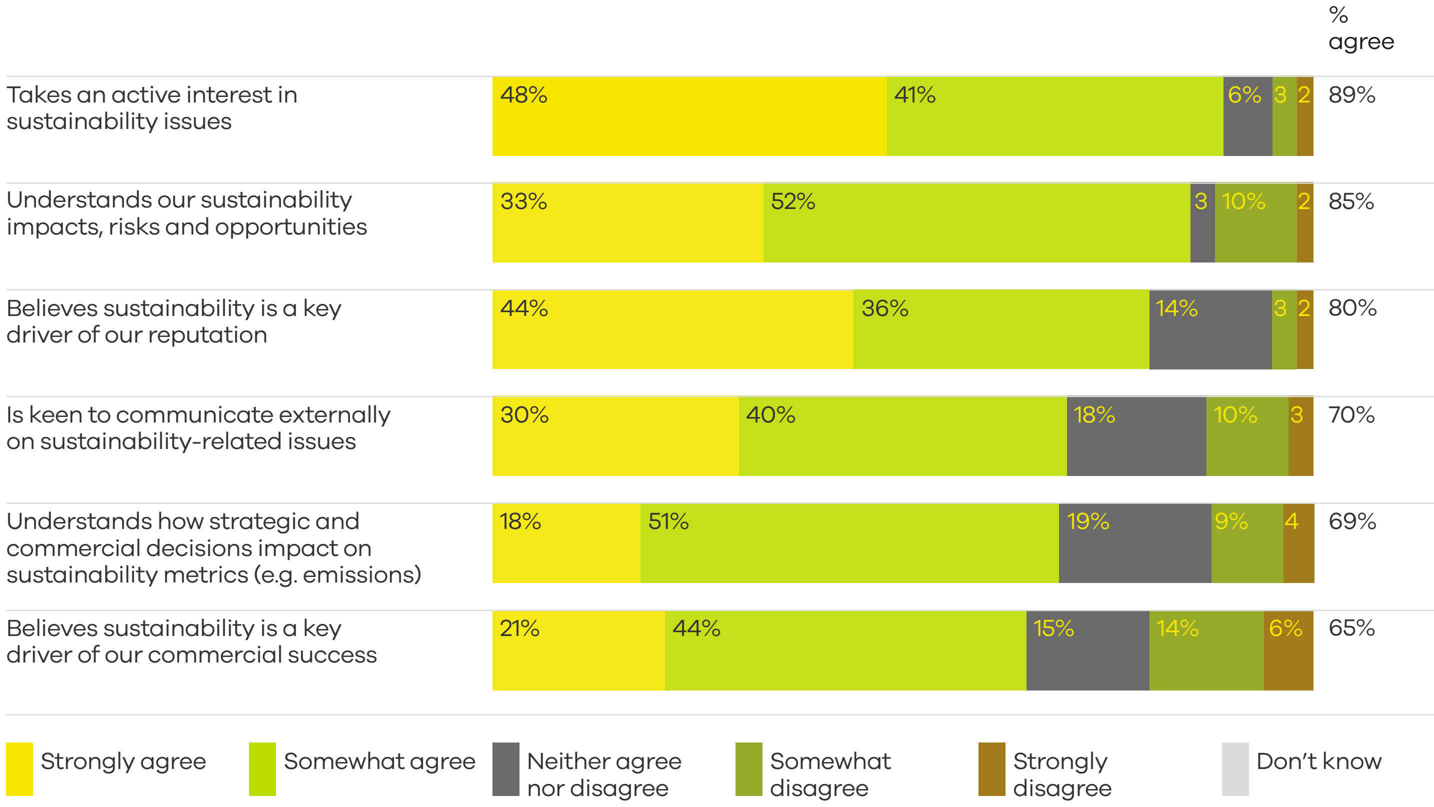
However, fewer sustainability leaders (7-22%) say they feel under pressure to scale back DEI, net-zero or human rights initiatives.

10

In 30% of organisations, boards have no financial incentivisation to hit sustainability targets. Of these, 70% have no plans to introduce sustainability-related incentives in the next year.

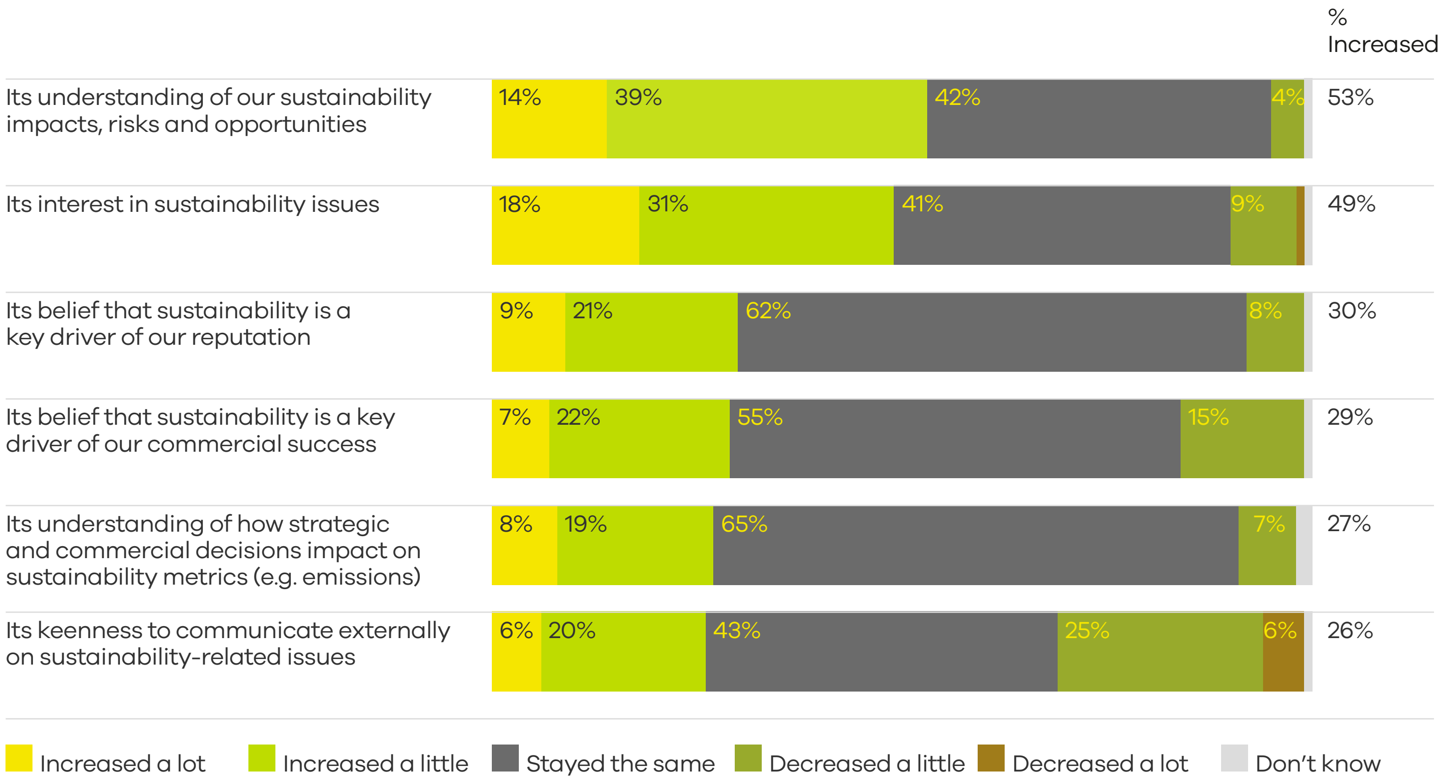
Survey Results

Most sustainability leaders say their boards are engaged with sustainability issues
Boards take an active interest in sustainability issues and understand the impacts, reputational risks & commercial imperatives



Q. To what extent do you agree or disagree with the following statements about your board? Base: All sustainability professionals n=91

Around half report an increase in the board's interest in sustainability, and understanding of the impacts, risks & opportunities
But 1 in 3 see declining appetite to communicate externally on sustainability



Q. In which of these ways, if any, has your board's engagement with sustainability changed over the past twelve months? Base: All sustainability professionals n=91

4 in 5 boards have access to progress reports and risk registers to help decision making on sustainability issues
Scientific reports & structured external advice are less commonly available

Regular progress reports from within the business	81%
A risk register that incorporates sustainability risks	80%
A dashboard of sustainability KPIs	65%
Quantification of the impact of business decisions on sustainability metrics	60%
Reviews of peer/ sector activity	55%
Board members with sustainability expertise	49%
Input from stakeholders	43%
Ad hoc external advice	41%
Structured external advice (e.g. board advisors)	24%
Scientific or other reports (e.g. IPCC assessments)	23%
Other	3%

Q. Which of these resources are available to your board, to help decision making on sustainability-related issues? Base: All sustainability professionals n=91

Half of the boards include a dedicated sustainability executive, such as a CSO
2 in 5 have a board-level sustainability committee, and the same proportion have expert NEDs

A board level CSO or executive with responsibility for sustainability	51%
A dedicated board level sustainability committee	42%
NEDs (non-executive directors) with sustainability expertise	40%
External sustainability advisors	28%
None of these	18%

Q. Which of the following does your company currently have in place to support sustainability at the board level? Base: All sustainability professionals n=91

More than 2 in 5 boards have not received any sustainability training in the last year
Just 6% have had comprehensive training on material sustainability issues

44%
No, the board has not received any training on sustainability issues

19%
Some training on specific sustainability issues (e.g. climate change, human rights)

32%
Some training on sustainability in general

6%
Comprehensive training on our material sustainability issues

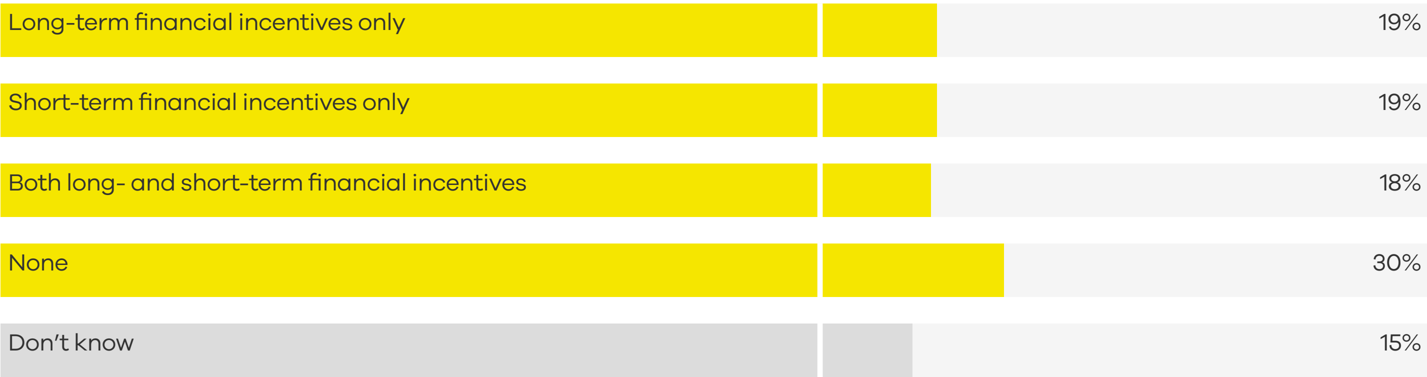
Q. Has your board received training on sustainability issues in the past twelve months? Base: All sustainability professionals n=91

Climate change, business conduct & ethics, and employee wellbeing are board priorities

Climate change	79%
Business conduct and ethics	71%
The rights and wellbeing of our own employees	66%
The rights and wellbeing of consumers and end users	42%
The rights and wellbeing of workers in our value chain	40%
Resource use and circular economy	34%
Biodiversity and ecosystems	28%
The rights and wellbeing of affected communities	26%
Water and marine resources	19%
Pollution (including air, water and soil pollution)	15%
None of these	4%

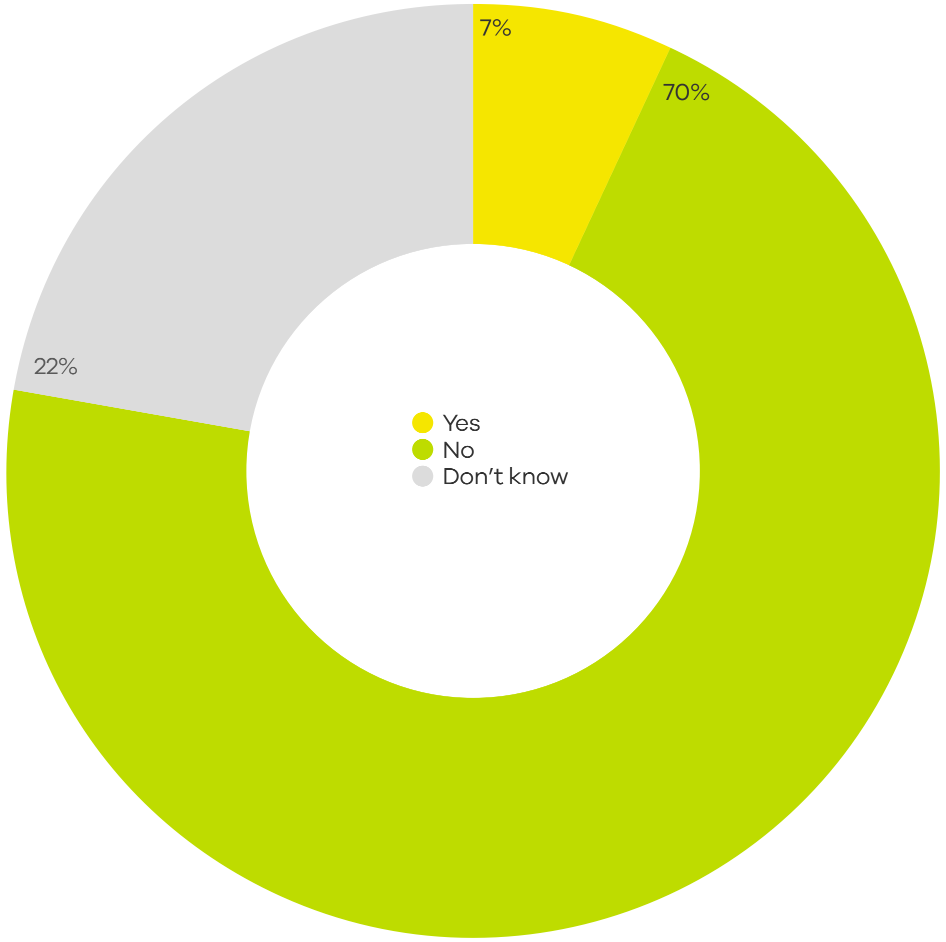
Q. Which of these issues are the biggest priorities for your board?
Base: All sustainability professionals n=91

55% of boards are incentivised financially to achieve sustainability targets



Q. To the best of your knowledge, does your board or senior leadership team have financial incentives to achieve sustainability-related targets?
Base: All sustainability professionals n=91

Of the organisations that don't currently have sustainability-related financial incentives for boards, 7 in 10 have no plans to introduce financial incentives in the next 12 months

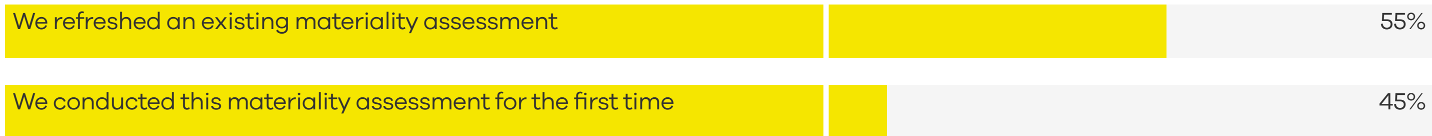


Q. Does your organisation plan to introduce financial incentives of this type in the next 12 months? Base: Those sustainability professionals whose organisations have no financial incentives to achieve sustainability targets n=27

More than half have conducted a double materiality assessment in the last year
1 in 4 have not conducted any type of materiality assessment in the last year

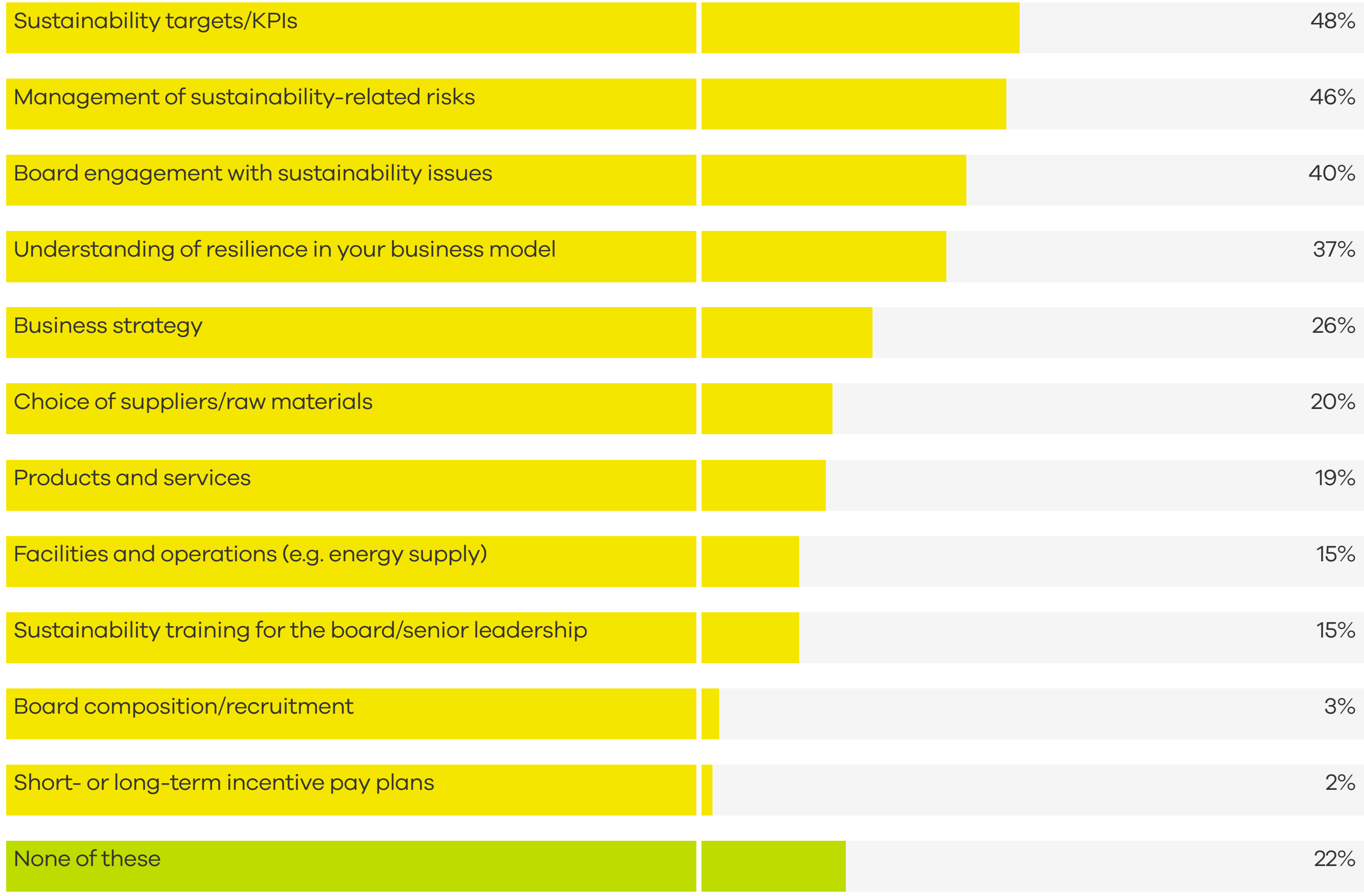
Q. In the past 12 months, which of the following materiality assessments has your organisation conducted, if any? Base: All sustainability professionals n=91

Of the materiality assessments conducted, more than half were refreshed from an existing assessment; slightly fewer were new



Q. Which of the following statements is true for your organisation? Base: All sustainability professionals n=91

Materiality assessments are feeding into change around target-setting & KPIs, risk management, board engagement and resilience planning



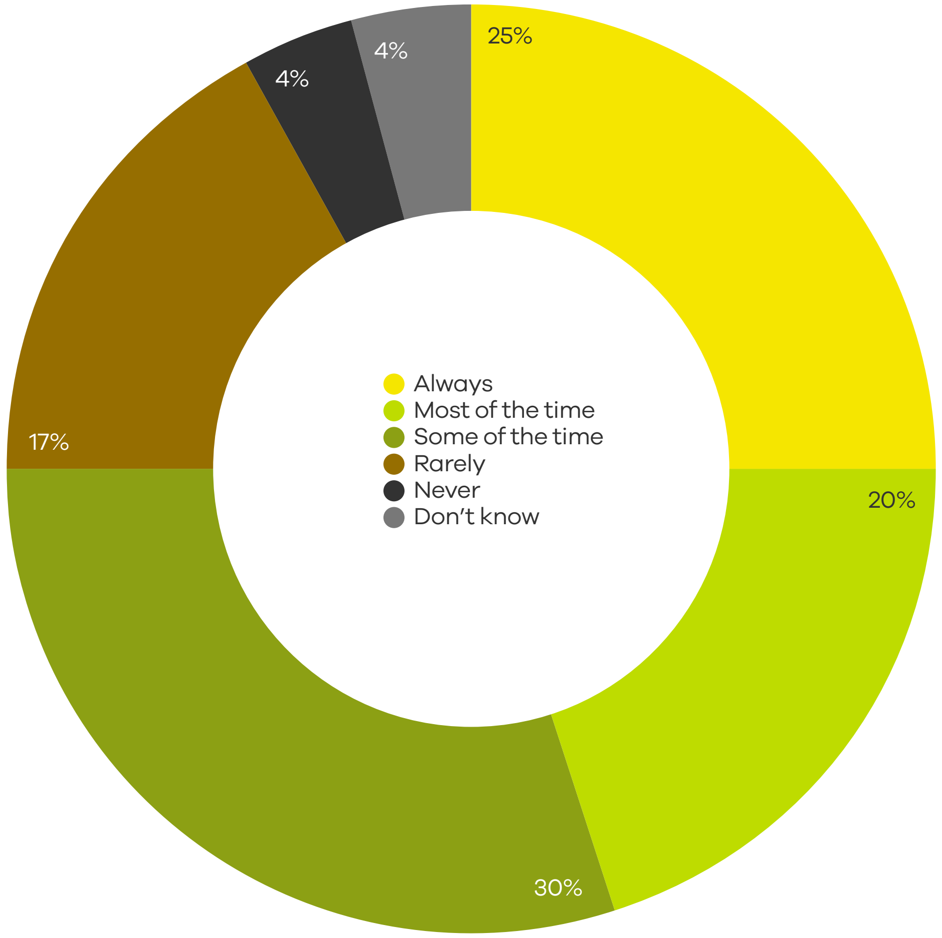
Q. Has your materiality assessment contributed to change in any of these areas?
Base: All sustainability professionals n=91

3 in 5 boards have discussed sustainability-related reputation risks in the last year
Similar proportions have discussed operational impacts, and resilience

Q. To the best of your knowledge, which of the following topics have been discussed by the board in the past twelve months? Base: All sustainability professionals n=91

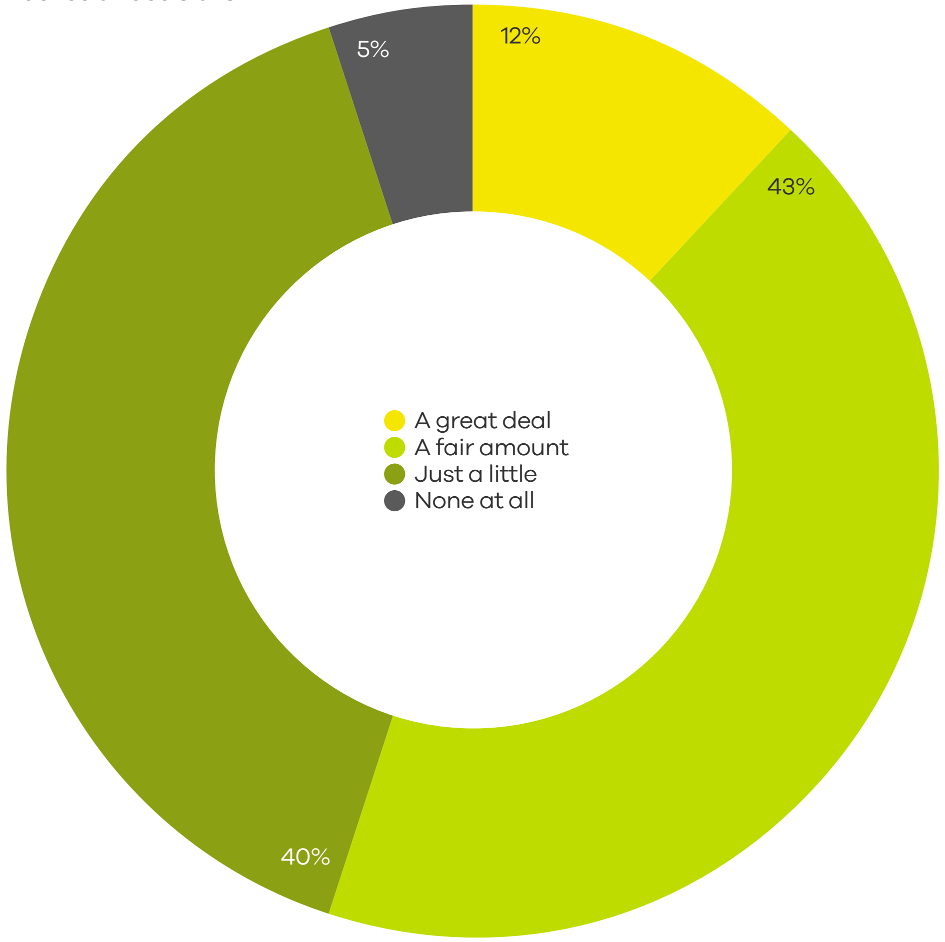
For 2 in 5, the sustainability function is included in board discussions all or most of the time
But 1 in 5 say this happens rarely or never

Q. How regularly is the sustainability function in your business invited to take part in board-level sustainability discussions? Base: All sustainability professionals n=91

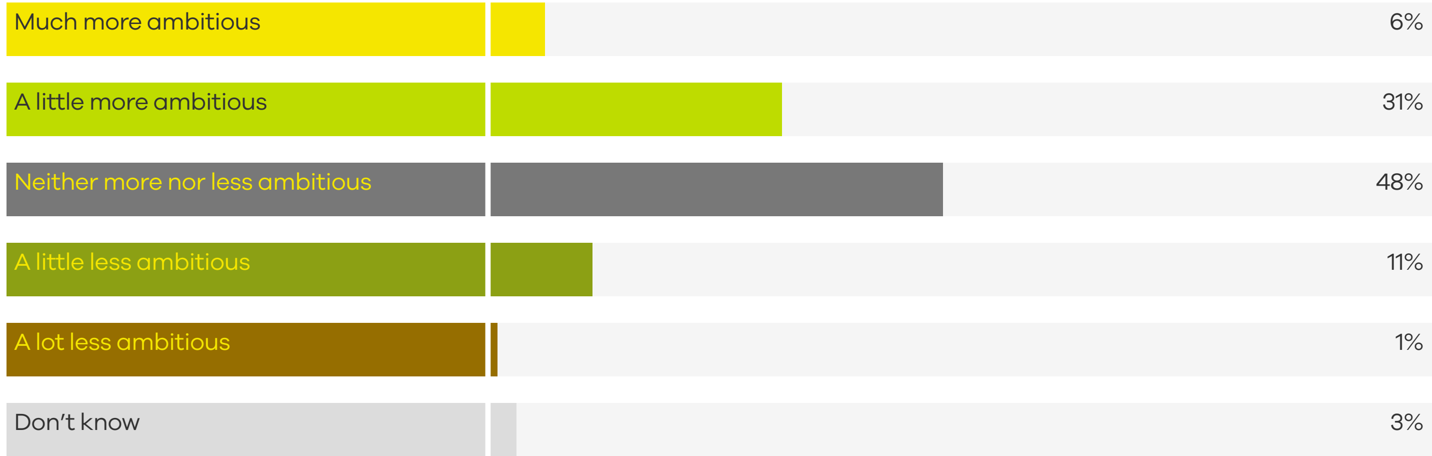


Among those who are invited to board discussions, more than half say they have a great deal or a fair amount of influence on decisions

Q. As a rule, how much influence does the sustainability function in your business have on board-level decision making? Base: Those whose sustainability function has been invited to board-level discussions n=83



Looking ahead to the next twelve months, nearly 2 in 5 expect their board to become more ambitious on sustainability – but just 6% much more so



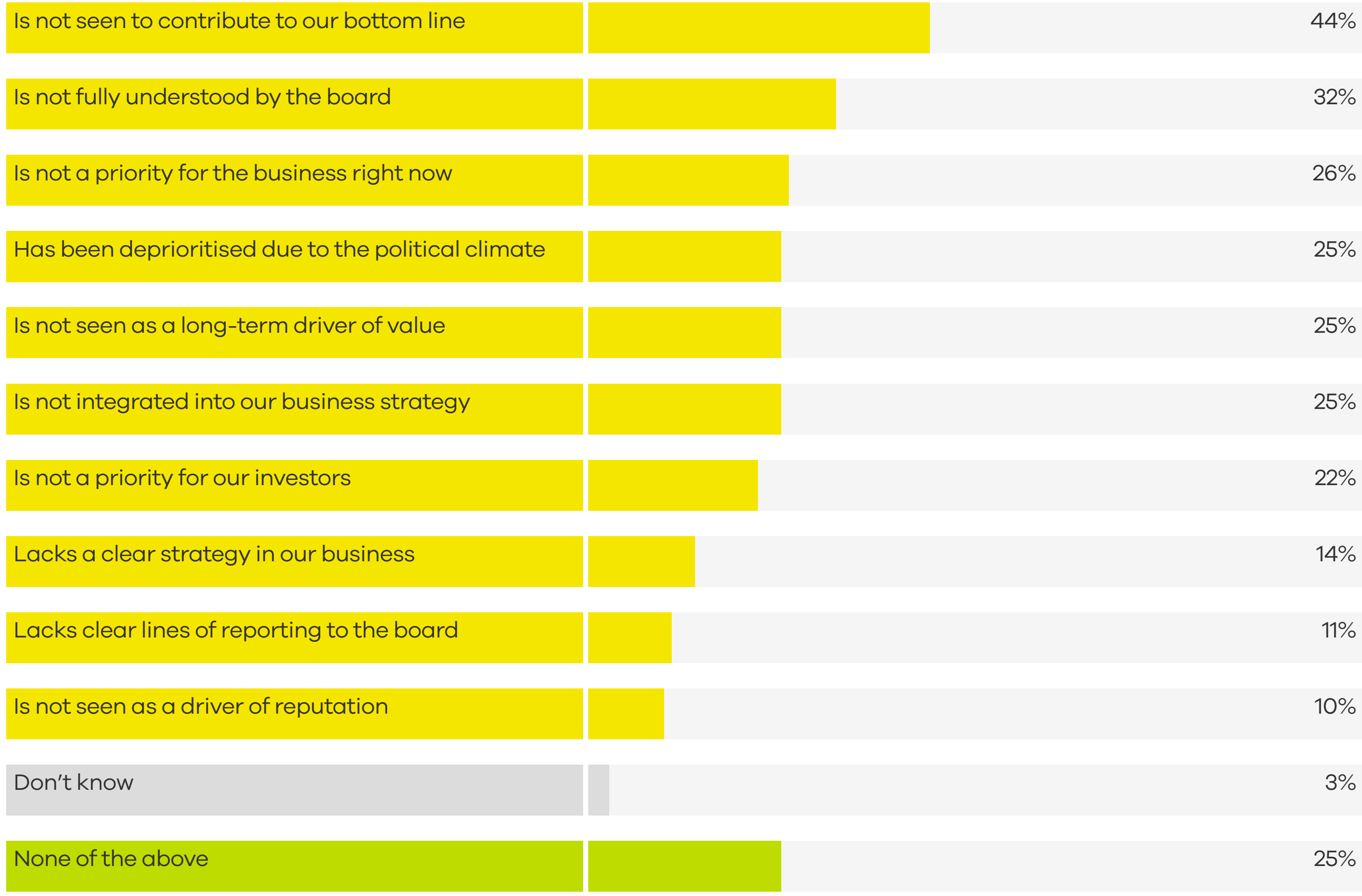
Q. Looking ahead to the next twelve months, do you expect the board's level of ambition around sustainability to become: Base: All sustainability professionals n=91

When it comes to driving greater ambition, links to financial / investor interests are key – along with regulatory and policy signals
External stakeholder support is seen as less important

Q. Which of these would help you make the case for greater board-level ambition on sustainability? Base: All sustainability professionals n=91

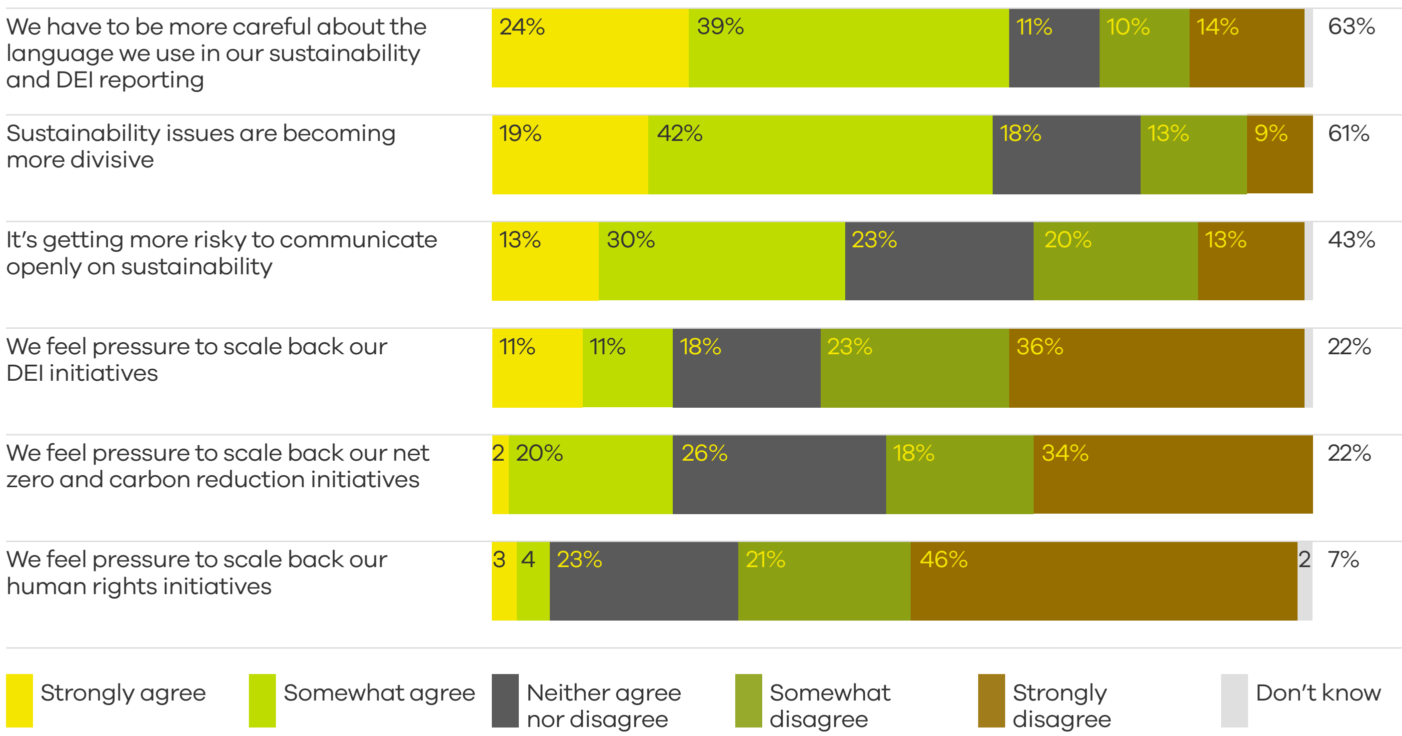
Obstacles to board engagement are varied. More than 2 in 5 cite a perception that sustainability does not contribute to the bottom line
A lack of board-level understanding is also a key obstacle

Sustainability...



Q. Which of these if any, are obstacles to engaging your board on sustainability issues?
Base: All sustainab,ility professionals n=91

Nearly 2 in 3 say they now have to be more careful in the language they use around sustainability and DEI...
...not least because sustainability is becoming more divisive



Q. To what extent do you agree or disagree with these statements?
Base: All sustainability professionals n=91

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