

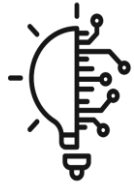
Event summary

E4S Action Lab: Coalesce – The Future of Impact Measurement in the Era of Mandatory Sustainability Reporting

April 18, 2024 – 9:30am–12:30 pm, IMD Lausanne

The multi-stakeholder exchange focused on **pre-identified challenges** around impact measurement and mandatory sustainability reporting, which topic experts at four respective roundtables discussed at the Action Lab:

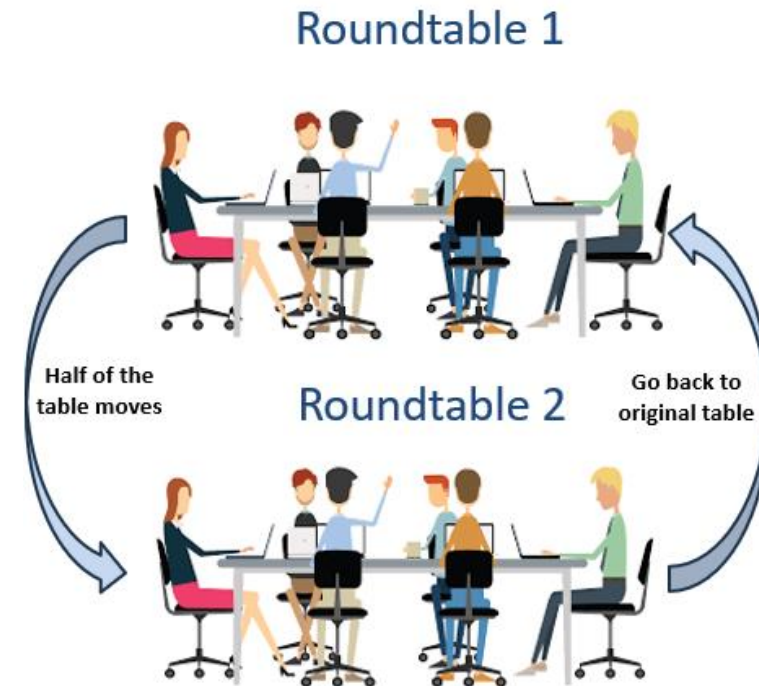
1. The lack of clear metrics and unsatisfying data quality;
2. The mismatch between sustainability reporting and strategy;
3. The lack of reporting guidance and an increased reporting burden; and
4. The shortage of talent and lack of knowledge.

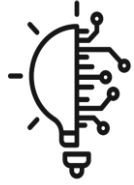


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Via two roundtable rotations, the participants **developed concrete ideas for taking action**, focusing in particular on the collection of best-practice case studies (roundtables 1 and 2) and increasing collaboration with SMEs (roundtables 3 and 4).





Roundtable 1: The lack of clear metrics and unsatisfying data quality

Pre-identified challenge

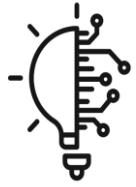
There is a lack of clear metrics and unsatisfying data quality for impact measurement in the era of mandatory sustainability reporting. This includes...

- ... the lack of standardized data and alignment on the definition of sustainability elements, alongside challenges in quantifying sustainability, and in ensuring data quality and collection along the supply chain.

- ... the need for comparability of data across firms and the importance of data representativity and materiality for users, as well as identifying relevant KPIs, particularly for social issues.

Ideas for taking action: Sustainability ambidexterity in leadership

Roundtable 1 realized that the push for “good” metrics and data needs to come from CEOs that aim to be leaders. However, mandatory reporting redefines what “good” leadership is, and which practices work best. Technologies such as AI play an important role in improving metrics and overall data quality. But only with sustainable leadership can transparency enlighten sustainable decision-making. Therefore, Roundtable 1 concluded that a collection of best-practice case studies would be of high interest.



Roundtable 2: The mismatch between sustainability reporting and strategy

Pre-identified challenge

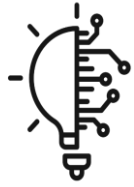
There is a mismatch between sustainability reporting and strategy for impact measurement in the era of mandatory sustainability reporting. This includes...

- ... issues with harmonization of sustainability across the firm and that the sustainability strategy does not always match the reporting efforts, highlighting a need for transformational exercise to build resilience.

- ... the insufficiency of reporting to meet sustainability expectations and underlining the risk of sustainability washing and hushing.

Ideas for taking action: Turning the CSRD into gold – when if not now?

Roundtable 2 decided to focus on the publication of a book, compiling “10 things successful companies all did” before sustainability reporting was mandatory, including 10 underlying case studies. Success, or good performance, in this context is defined as disruptive progress towards planetary boundaries. A “growth mindset” can emerge from a purposeful business narrative. But best-practice cases may also include those who developed circular solutions not because of sustainability values but based on mere business logic, as e.g. cost savings through recycling.



Roundtable 3: The lack of reporting guidance and an increased reporting burden

Pre-identified challenge

There is a lack of reporting guidance and an increased reporting burden for impact measurement in the era of mandatory sustainability reporting, This includes...

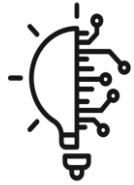
- ... the lack of guidance from regulators, especially for SMEs, as well as the different rules and expectations across jurisdictions.

- ... the high burden and the need to keep requirements reasonable for firms from emerging markets and SMEs, which seem to already have low willingness to invest in sustainability services due to perceived low business opportunities.

- ... the cost of transition and the disproportionate burden on small SMEs in the supply chain.

Ideas for taking action: Leaving no SME behind

Roundtable 3 came up with a concrete action plan to support SMEs. Firstly, tools such as the Levo framework can help raise sustainability awareness. Secondly, a 2-pager with QR code, including case studies, may address already dedicated as well as less interested stakeholders. The leaflet may include creative content such as a video, or references of service providers and regulations. Last but not least, SMEs may be accompanied through the process, for example by students. For support, the roundtable recommended a compilation of existing relevant tools, adequate story- telling and proportional selection of metrics.



Roundtable 4: The shortage of talent and lack of knowledge

Pre-identified challenge

There is a shortage of talent and lack of knowledge for impact measurement in the era of mandatory sustainability reporting. This includes...

- ... a shortage of talents trained in sustainability and a gap filled by costly consultancy services.
- ... the lack of collaboration/ knowledge sharing within the industry (incl. supply chains), and with academia and policymakers
- ... rapid regulatory and market dynamics creating a mismatch with the rate of knowledge diffusion.

Ideas for taking action: Making sustainability reporting cool again

Roundtable 4 shed light on the challenges around talent recruitment and knowledge generation, including: 1) lack of multidisciplinary profiles, 2) the “bad reputation” of sustainability jobs due to poor incentives, unrealistic objectives and lack of recognition and 3) low accessibility of information and knowledge. Concretely, the participating experts suggested the selection of 10-20 SMEs who lack systems for sustainability reporting and helping them to “refine the raw oil”, i.e. how to gather insights including on talent acquisition, and turn reporting burden into strategic advantage and an attractive topic. Participants also discussed co-teaching programs organized jointly by academic and industry actors.