



Participants identified four key challenges in sustainability reporting

1. Mismatch between sustainability reporting and strategy

- Industry argued that there are 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.
- Academia echoed the points of the industry, emphasizing that sustainability reporting is not sufficient to meet sustainability expectations and underlining the risk of sustainability washing and hushing.

2. Misalignment of KPI definitions and reduced data quality

- Industry noted 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 in the supply chain.
- Academia focused on the need for comparability of data across firms and stressed the importance of data representativity and materiality for users, as well as identifying relevant KPIs, particularly for social issues.



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3. Lack of reporting guidance and increased reporting burden

- Industry highlighted the lack of guidance from regulators, especially for SMEs, as well as the different rules and expectations across jurisdictions, as key pain points. It also raised concerns about 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.
- Academia similarly noted the cost of transition and the disproportionate burden on small SMEs in the supply chain.

4. Shortage of talent and low knowledge diffusion

- Industry mentioned a shortage of talents trained in sustainability and a gap filled by costly consultancy services. It also noted a low collaboration mindset within the industry and with firms in the supply chains.
- Academia argued that the field evolves rapidly, creating a mismatch with the rate of knowledge diffusion. It also argued for the need for systematic collaboration between practice, academia, and policymakers.



Academia could support the ecosystem in five different ways

1. Act as a facilitator

Academia can serve as a neutral intermediary, fostering dialogue between firms, policymakers, and civil society. By maintaining neutrality and facilitating discussions, academia can also engage in a form of activism by posing critical questions that drive reflection and change.

2. Conduct action-oriented research

Engaging in collaborative research with stakeholders and focusing on practical implications can help align academic pursuits with industry and policy needs. Despite the misalignment with traditional academic incentives, academia should adopt a forward-looking and innovative approach to research, e.g. by delving into areas like the definition of relevant KPIs.

3. Provide comprehensive perspectives on sustainability reporting

Academics are positioned to offer holistic insights on sustainability reporting, considering broader and long-term implications across sectors and geographies. They should encourage thinking beyond conventional norms and promote interdisciplinary research to encompass complex sustainability challenges.



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4. Better disseminate knowledge

Developing new methods to translate and share research findings is crucial. Academia should focus on creating open-source guidance, training, and resources that communicate academic value effectively to a wide array of audiences

5. Develop training programs on sustainability reporting and governance

By integrating sustainability as a core topic in the curriculums of business schools, and providing executive education programs, academia can educate current and future leaders about the need, challenges and implications of sustainability reporting and governance