



Master's in Accounting

Sustainability, Accountability and Ethics

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Class 4

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Agenda



ACCOUNTABILITY AND
SUSTAINABILITY



FINANCIAL REPORTING
NON-FINANCIAL REPORTING



ETHICS



RESEARCH
TOPICS



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Financial reporting is not enough!

They do not reflect the entire business activity of a company.

Reflects only short-term monetary aspects of business, but does not provide insight into environmental, social, and managerial aspects of business, **which are, in the long term, much more important.**

Nonfinancial reporting is a 'must' in the modern economy as it reflects the responsibility of a company to conduct business activities in a sustainable way.

This helps investors, consumers, policy makers and other stakeholders to evaluate the **non-financial performance** of large companies and encourages these companies to develop a responsible approach to business.

There is growing evidence that sustainability reporting increases in significance. Analyses of corporate responsibility reports in the world demonstrate a sharp increase: from 26 reports in 1992 to 5593 reports in 2010 to 9500 in 2015 (Szekely et al, 2017).



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Legal Certification/Audit of Sustainability Reports



On 5 January 2023, the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) entered into force (see the following slides)

From financial years starting on or after 1 January 2024, large companies shall **draw up sustainability statements in accordance with the European Sustainability Reporting Standards (ESRS)** – a deadline postponed with the “Omnibus package”.

These statements will need to be subject to an assurance engagement by statutory auditors or other assurance services providers



Why is it important to Certificate Sustainability Reports?



[CEAOB guidelines on limited assurance on sustainability reporting](#)



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Legal Certification/Audit of Sustainability Reports



1

Reliability and comparability

Limited assurance that the sustainability information is **free from material misstatements**, ensuring that disclosures are accurate and aligned with the **European Sustainability Reporting Standards (ESRS)**

2

Transparency and trust

User confidence in sustainability statements. Practitioners are expected to assess whether disclosures meet qualitative characteristics, which directly supports transparency

3

Double materiality

Material misstatement in assurance is distinct from the **double materiality** used in preparing sustainability statements, the guidelines clarify that both are essential. Practitioners must understand the entity's environment and internal controls to assess risks and ensure that disclosures reflect both financial and impact materiality

4

Integrity and fraud detection

Practitioners are required to remain alert to **fraud risks and non-compliance** with laws and regulations.

5

Legal obligation and harmonisation

The CSRD mandates **limited assurance engagements** starting from financial years beginning on or after **1 January 2024**, with the **European Commission expected to adopt formal standards by 1 October 2026**. Meanwhile, the CEAOB guidelines serve to **harmonise practices across Member States**

https://finance.ec.europa.eu/document/download/8ac2df18-2ae1-4bc7-9d87-a4a740e48f5e_en?filename=240930-ceaob-guidelines-limited-assurance-sustainability-reporting_en.pdf



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Why to develop a ESG Report?

Example: Tesla

in their 2025 Impact Report (https://www.tesla.com/ns_videos/2025-tesla-impact-report.pdf) share and benchmark the environmental impact of its vehicles vs their internal combustion competitors.



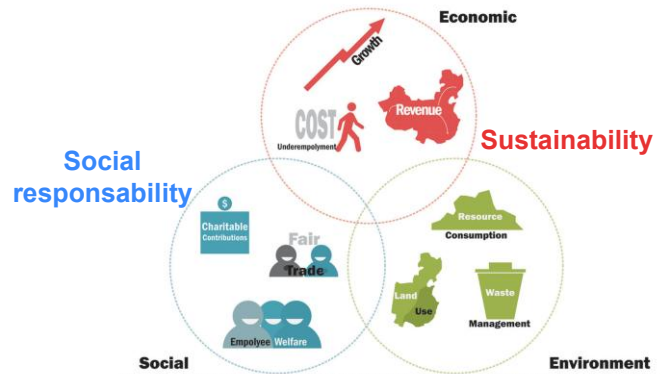
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Sustainability Reporting

WBCSD defines the sustainability report as:

"... reports on sustainable development (produced by companies) as publications for internal and external shareholders in order to disclose corporate positions and activities on the economic, environmental and social fronts. In short, the purpose of these reports is to show the contribution of companies to sustainable development."

Business performance is viewed as a function of balance between economic, social, and ecological aspects of business activity.



The ultimate goal is to balance on all sides

World Business Council for Sustainable Development



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Sustainability Reporting

"Sustainability" has evolved to refer to strategic and operational considerations related to a broad set of environmental, social and governance concerns.

Investors increasingly expect companies to recognise and address risks and opportunities in relation to ESG factors that impact long-term value creation.

Sustainability, ESG, Corporate responsibility and CSR are concepts that can be used interchangeably, but be aware of their differences.

 **making an overall positive contribution**

 **achieving sustainable growth**

 **avoiding and addressing adverse impacts related to its operations, products or services**



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Sustainability Reporting

Progress in sustainability reporting

Every step requires expert insight in environmental data and topics

Basic vision/ambition

- Materiality analysis
- Defining (internal) responsibility & ensuring management endorsement
- Assess level of disclosure and PI/KPIs according to Global Reporting Initiative (GRI) structure.

Define metrics or targets

- Engage with internal stakeholders
- Defining smart metrics and KPIs
- Target setting
- Setting up reporting tools and analyses
- Analyse and report sustainability programs to stakeholders.
- Improve data management and ensure data quality of reporting

Integrate

- Vision becomes business practice
- Tracking metrics over time
- Extend employee knowledge and engagement

Source: Blonk consultants



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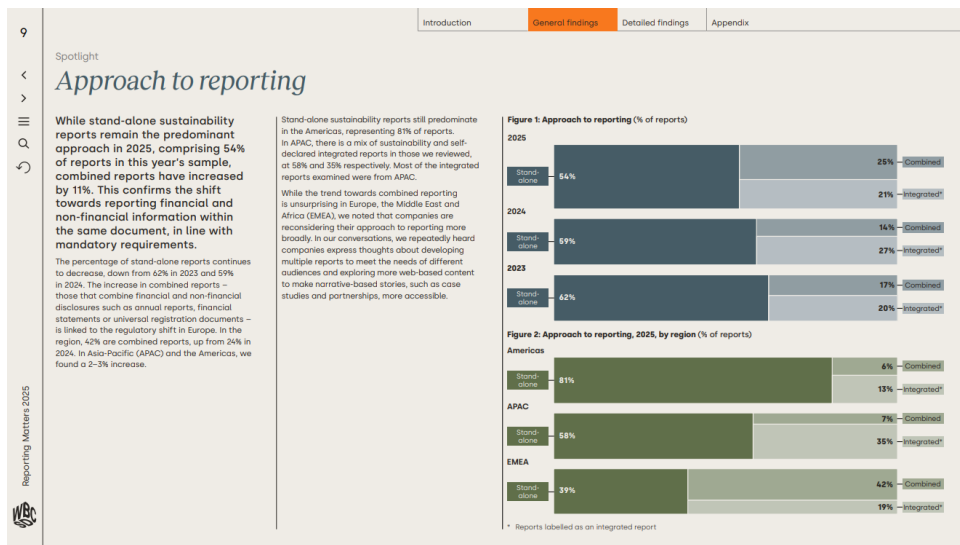
The different types of report

- **Stand-alone reports** that focus on social and environmental issues
- **Combined reports** that introduce social and environmental issues into the existing financial annual report
- **Integrated reports** that highlight linkages across financial and non-financial information



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Is Reporting improving?



Is Reporting improving?



Materiality Process- More than 90% of reports disclosed a materiality process. Of those disclosing a materiality process, there is a sizable (22%) increase in reports disclosing a double materiality process, from 55% in 2023 to 77% in 2024.

The state of integrated reporting - 14% of reports reviewed combine financial and non-financial information, lower than 17% in 2023; 27% are self-declared integrated reports (2024).

The state of GRI reporting - 83% of reviewed reports reference the Global Reporting Initiative (GRI)

External Assurance- Most reports (90%) have external assurance for key sustainability performance indicators or reporting process, of which 4% provided assurance at a reasonable level and 80% at a limited level.

Sustainability Governance- Reporting on the sustainability responsibilities of individuals from the board or executive committees increased substantially, from 20% in 2023 to 32% in 2024.

Source: WBCSD 2024

ESG Reporting

Meaning



Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities.



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ESG Reporting

Meaning

- ✓ **ENVIRONMENTAL** – Climate change, resources and pollution
- ✓ **SOCIAL** – Human rights, health and safety
- ✓ **GOVERNANCE** – Tax transparency, anti-corruption

- Equally relevant to a large publicly listed issuer with a long track record of reporting; a smaller company; a privately held business; or a debt issuer.
- Is 'ESG' the same as 'sustainability' and 'corporate responsibility'? – what is the relationship among these concepts?
- Different formats: Annual report, standalone sustainability report, or integrated report?



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ESG Reporting: A management tool

- It must be regarded, first and foremost, as a **management tool** that permits the company to measure its progress and its non-financial performance.
- And also to state that the company is on track with its commitments.
- Help pilot the ESG strategy in the short-, mid-, and long-term and facilitate prospective decision making.
- Help advance dialogues with important stakeholders.

In the context of ESG data, the BP example points to the fact that past performance as measured by ESG data was not decision-useful for investors or the company. Rather, data on the management control systems and governance structures (GES) underlying these ESG risks would have presented a more insightful assessment of the risk. BP was listed as the second most sustainable large company in the world by the Accountability Rating in 2006, down from first in 2005—only four years before the DeepWater Horizon accident and a year after the Texas City refinery accident.



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Deepwater Horizon Accident



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ESG Reporting: Why to develop a ESG Report?

1. To show their stakeholders, and society in general, that they consider their expectations and operate within the bounds of the **social contract**.
2. To join sustainability indexes ([Dow Jones Sustainability Index](#), [Footsie4Good](#))
3. To build a management tool to affirm that the company is on track with its commitments.
4. To trigger action making ESG performance part of the discussion
5. To assure transparency - more and more external bodies are demanding integrated reports that contain not just financial and economic information but societal and environmental data too.



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ESG Reporting

A good quality reporting is the one that:

1. meets the needs of its stakeholders;
2. is aligned with the SDGs;
3. maximizes society's contribution, with appropriate targets and indicators;
4. understands how these issues will challenge society's ability to operate in the long run.

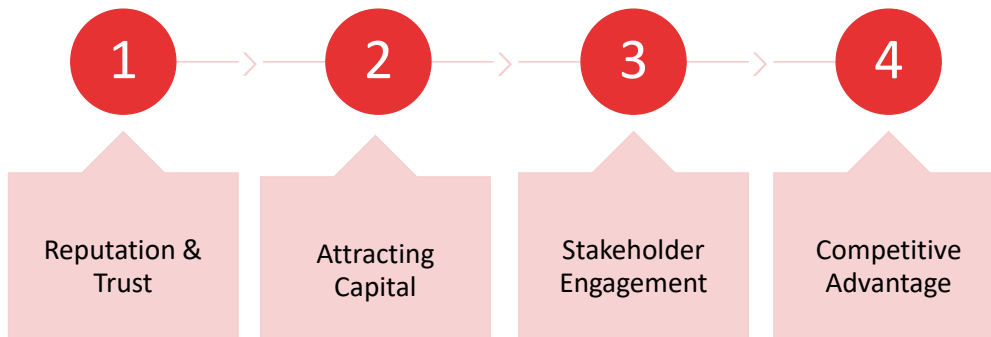
If this is the case, **non-financial reporting is a real strategic plan** for the company to manage its short-term agenda by including a long-term vision.



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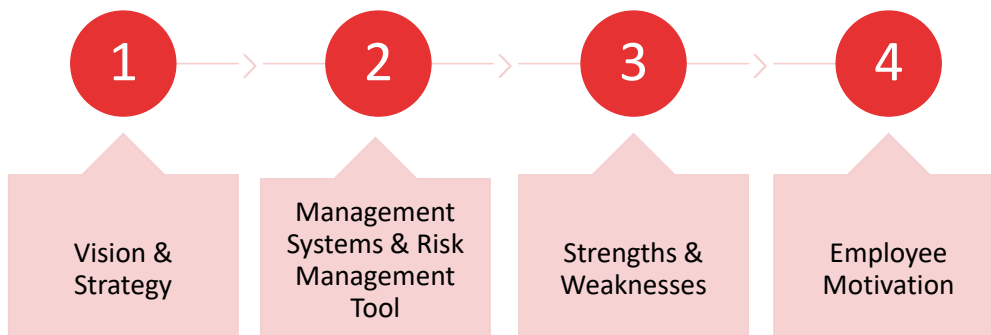
ESG Reporting

EXTERNAL BENEFITS



ESG Reporting

INTERNAL BENEFITS



Why are Non-Financial Reporting Standards Important?

1. **Addressing shortcomings of the NFRD:** CSRD (EU) 2022/2464 (CSRD) improves relevance, comparability, and reliability of sustainability disclosures.
2. **Expanding scope and standardization:** Applies to all large companies and listed SMEs with mandatory ESRS standards.
3. **Enhancing investor confidence and market credibility:** Provides high-quality data for sustainable finance and risk assessment.
4. **Supporting the European Green Deal:** Ensures accountability and tracks progress toward climate neutrality goals.
5. **Legal integration and assurance:** Requires limited assurance by independent auditors to enhance credibility.



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Non-financial reporting framework in European Union

2014 – Non-Financial Reporting Directive (NFRD)

•Directive 2014/95/EU

- Required large public-interest entities with over 500 employees to disclose environmental, social, and governance (ESG) information

2020 – EU Taxonomy Regulation

•Regulation (EU) 2020/852

- Created a classification system for environmentally sustainable economic activities. Disclosure obligations began in **2022–2023** for companies under the NFRD

2022 – Corporate Sustainability Reporting Directive (CSRD)

•Directive (EU) 2022/2464

- Replaces the NFRD, expands scope to ~50,000 companies, introduces **double materiality**, mandatory **limited assurance**, and **European Sustainability Reporting Standards (ESRS)**

2023 – Adoption of First ESRS

•Commission Delegated Regulation (EU) 2023/2772

- First 12 ESRS adopted, covering general, environmental, social, and governance topics



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Non-financial reporting framework in European Union

2024 – Corporate Sustainability Due Diligence Directive (CSDDD)

- **Directive (EU) 2024/1760**, entered into force on **25 July 2024**
- Requires large EU and non-EU companies to identify, prevent, and mitigate adverse human rights and environmental impacts across their operations and value chains. Also mandates a **climate transition plan** aligned with the Paris Agreement

2025 – Omnibus Package

- **Adopted 26 February 2025**
- Aims to simplify and reduce the regulatory burden of CSRD, CSDDD, and Taxonomy rules. Key changes include:
 - Raising reporting thresholds (e.g., 1,000 employees and €450M turnover)
 - Postponing CSRD reporting for Waves 2 and 3 by two years
 - Removing the obligation to adopt sector-specific ESRS
 - Keeping assurance at the **limited** level



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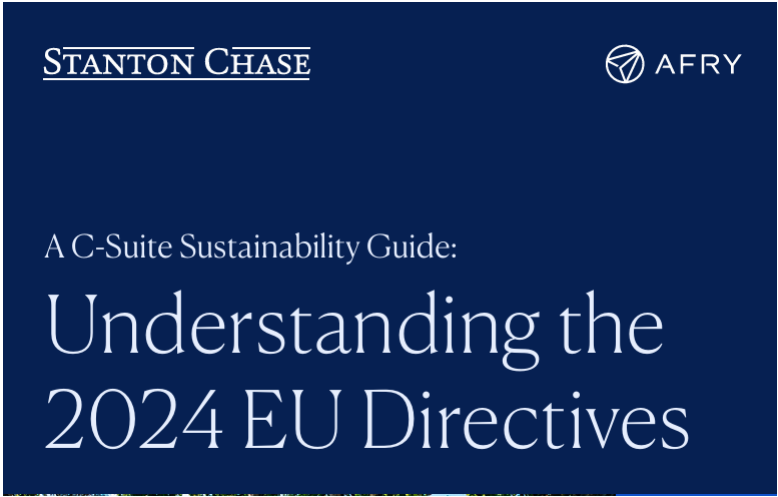
Non-financial reporting framework in European Union

Exercise – Multiple Choice - Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD)



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Non-financial reporting framework in European Union



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Non-financial reporting framework in European Union

The EU Sustainability Legislation Landscape

	The EU Green Deal	Sustainable Finance Disclosure	EU Taxonomy - classification of economic activities	Corporate Sustainability Reporting	Corporate Sustainability Due Diligence	Green Claims
FOCUS	EU's comprehensive sustainable development strategy	Sustainable finance	Sustainable business activities	Corporate sustainability	Sustainable supply chains	Environmental marketing claims
DESCRIPTION	The EU Green Deal is a comprehensive policy initiative aimed at making the European Union climate-neutral by 2050. It encompasses a wide range of measures and regulations to drive environmental sustainability and create a more resilient and greener European economy.	Entity- and product-level disclosures of sustainability-related risk in investment decision-making.	Classification of sustainable activity disclosures are required under the CSRD and SFDR regulations.	Double materiality assessments determine the information to be reported through the ERSR reporting network.	Establishment of a framework for responsible supply chains requiring companies to report on environmental and social impacts of their own operations and those of their suppliers.	Aims to reduce greenwashing amongst companies by establishing a framework and requirements which companies should follow when making environmental claims about their products.
STATUS	Partially. ☒	In force as of January 2022. ☒	In force as of July 2020. ☒	In force as of January 2023. ☒	The Council of the European Union approved the Corporate Sustainability Due Diligence Directive on March 15, 2024. ☒	Proposed in March 2023. Still in the process of being enacted and operationalized. ☐



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Non-financial reporting framework in European Union

The EU Taxonomy

The [EU Taxonomy](#) is a classification system that defines activities deemed to be environmentally sustainable. It aids companies and investors in making more informed, sustainable investment decisions, and it is designed to help achieve the objectives of the EU Green Deal.

The following companies are impacted by the EU taxonomy:

- Large, listed companies that are subject to non-financial reporting requirements
- Financial market participants (including asset managers and institutional investors)
- Companies covered by the Corporate Sustainability Reporting Directive (CSRD)

To qualify as sustainable under the taxonomy, an economic activity must positively contribute to at least one of six environmental objectives, not significantly undermine other objectives, comply with minimal safeguards, and meet technical screening criteria.



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Non-financial reporting framework in European Union

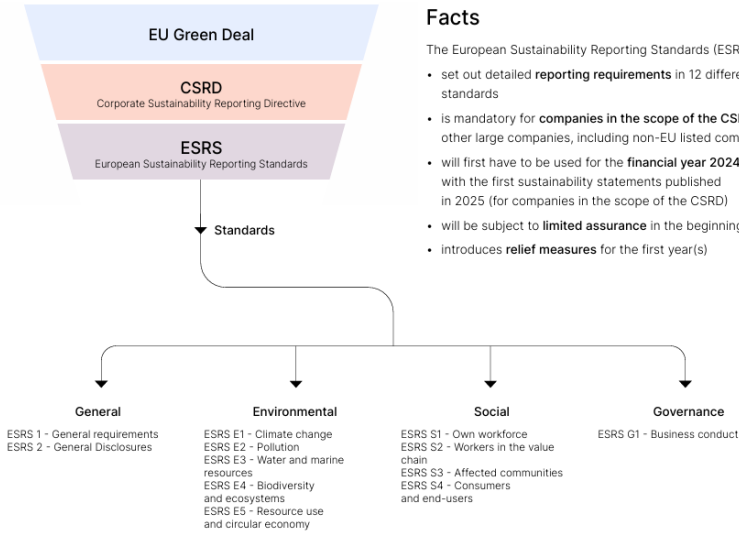
The Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464 (CSRD), which replaced the Non-Financial Reporting Directive (NFRD), is vital in preventing unregulated corporate behaviors that could lead to further environmental harm, social harm, or unethical practices. Its main purpose is to promote responsible and sustainable business practices. It applies to the following companies:

1. Large companies that meet at least two of the following three criteria a. A balance sheet total of €25 million b. A net turnover of €50 million c. An average number of 250 employees during the financial year
2. All companies listed on EU regulated markets, except for listed micro-enterprises
3. Public-interest entities like listed companies, banks, and insurance companies previously covered by the NFRD, which have more than 500 employees
4. Non-EU companies that generate a net turnover of €150 million in the EU and meet certain other qualifying criteria
5. Listed small and medium-sized enterprises (option to opt-out until 2028)



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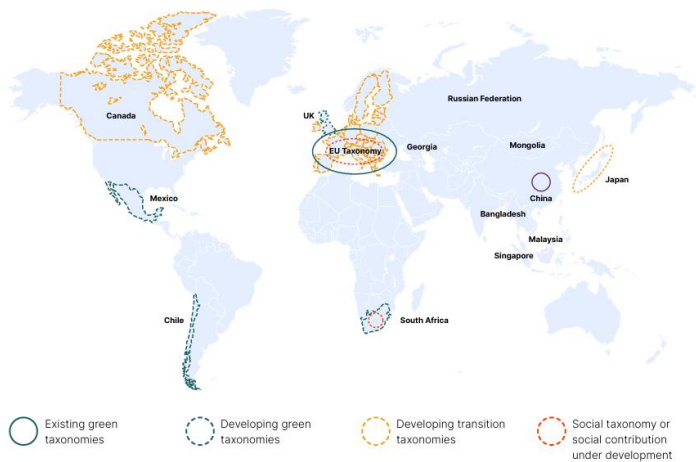
Non-financial reporting framework in European Union



- Facts**
- The European Sustainability Reporting Standards (ESRS)...
- set out detailed **reporting requirements** in 12 different standards
 - is mandatory for **companies in the scope of the CSRD** and other large companies, including non-EU listed companies
 - will first have to be used for the **financial year 2024** with the first sustainability statements published in 2025 (for companies in the scope of the CSRD)
 - will be subject to **limited assurance** in the beginning
 - introduces **relief measures** for the first year(s)

Non-financial reporting framework in European Union

Sustainable Taxonomy Development



*Based on data from July 2021.

Non-financial reporting framework in European Union

The Omnibus Package – Stop the Clock (February, 2025)



In order to boost competitiveness and unleash growth, the EU needs to foster a favourable business environment and ensure that companies are not stifled by an excessive regulatory burden



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Non-financial reporting framework in European Union

The sustainability “Omnibus” includes amendments to the [Corporate Sustainability Reporting Directive \(CSRD\)](#), the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#), accompanied by a draft Taxonomy Delegated Act for public consultation, with the aim of **making sustainability reporting more efficient and less burdensome**.

The main changes in the area of sustainability reporting will

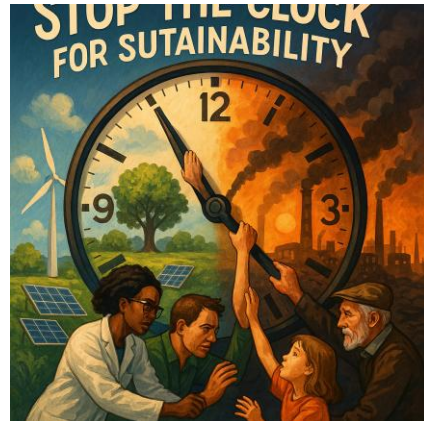
- **Remove around 80% of companies from the scope of the CSRD** – only companies that have more than 1,000 employees and either a turnover above €50 million or a balance sheet total above €25 million will remain subject to the rules
- **Ensure that sustainability reporting requirements for large companies will not burden smaller companies in their value chains**. To this end, the Commission will adopt a voluntary reporting standard, based on the SME standard developed by [EFRAG](#). This standard will act as a shield, by limiting the information that companies or banks falling into the scope of the CSRD can request from companies in their value chains with up to 1000 employees
- **Revise and simplify the existing [European Sustainability Reporting standards \(ESRS\)](#)**, against which the companies remaining in scope will have to report
- **Delete the requirement on the Commission to adopt sector-specific standards** and keep the assurance requirement at the level of “limited” assurance, not moving in the future to the more demanding level of “reasonable” assurance
- **Limit reporting obligations under the EU Taxonomy** to the largest companies with at least 1000 employees and €450 million net turnover, while still allowing other large companies within the future scope of CSRD to report voluntarily



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Non-financial reporting framework in European Union

A separate “stop the clock” proposal will also postpone by two years the reporting requirements for companies currently in the scope of CSRD which were scheduled to report as of 2026 or 2027. This is to give time to the co-legislators to agree to the Commission's proposed substantive changes.



The main development after the 2025 Omnibus Package is the **transition from broad mandatory sustainability reporting toward a simplified regime centred on large companies, revised ESRS standards, voluntary SME reporting (VSME), and greater alignment with global ISSB standards.**

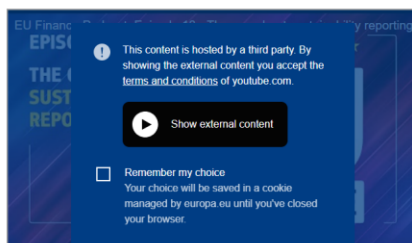


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EU Finance Podcast: The one about sustainability reporting

EU Finance Podcast host Aidas Palubinskas talks with Thomas Dodd, the EU Commission's expert on corporate reporting about how someone who wants to invest sustainably can know if the investment is really green?



Season 1, Episode 13
20 December 2023 - 18 min.

EU Finance Podcast host Aidas Palubinskas talks with Thomas Dodd, the EU Commission's expert on corporate reporting about how someone who wants to invest sustainably can know if the investment is really green? Well, surprise, surprise, the EU has once again stepped up to help us out. At the beginning of this year, the [Corporate Sustainability Reporting Directive \(CSRD\)](#) entered into force. This new directive modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability.

[See all episodes →](#)

https://finance.ec.europa.eu/eu-finance-podcast-future-finance/eu-finance-podcast-one-about-sustainability-reporting_en



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ESG Reporting - ESG World Reporting - Frameworks

Framework	Main users	Materiality orientation	Main purpose	Key strength	Main limitation
GRI Standards	Stakeholders broadly defined: employees, communities, regulators, investors, civil society and customers	Impact materiality: how the organisation affects the economy, environment and people	Report an organisation's significant impacts and its management of those impacts	Strong stakeholder orientation and detailed impact disclosures; widely used internationally	May be less directly aligned with investor-focused assessments of enterprise value
ISSB / IFRS S1	Investors, lenders and other capital providers	Financial materiality	Disclose sustainability-related risks and opportunities that could affect cash flows, access to finance or cost of capital	Establishes a global investor-oriented baseline connected to financial reporting	Gives less coverage to impacts that do not affect enterprise value
ISSB / IFRS S2	Investors, lenders and other capital providers	Financial materiality, focused on climate	Disclose climate-related risks, opportunities, governance, strategy, risk management, metrics and targets	Provides a common climate-disclosure structure and builds on TCFD	Climate-focused; does not provide a complete framework for wider social and governance impacts
CSRD / ESRS	Investors, regulators, employees, communities and other stakeholders in the EU	Double materiality: impact materiality and financial materiality	Provide mandatory sustainability reporting within the corporate management report	Broad coverage of environmental, social and governance matters and stronger legal accountability	Still relatively complex compared with ISSB reporting, although the Omnibus package and ESRS revision process seek to reduce reporting burden and unnecessary datapoints.



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ESG Reporting - ESG World Reporting - Frameworks

Framework	Main users	Materiality orientation	Main purpose	Key strength	Main limitation
TCFD recommendations	Investors, lenders, insurers and financial regulators	Financial materiality, focused on climate risk	Organise disclosure around governance, strategy, risk management, and metrics and targets	Clear and influential architecture for climate-risk reporting	Not a complete ESG framework; largely superseded or incorporated into newer standards
GHG Protocol	Companies, investors, regulators and supply-chain partners	Emissions-accounting relevance	Measure and report Scope 1, Scope 2 and Scope 3 greenhouse-gas emissions	Widely recognised methodology and common emissions vocabulary	Covers emissions rather than the full ESG spectrum
EU Taxonomy	Companies, investors, regulators and financial-market participants	Environmental sustainability and economic-activity eligibility	Classify activities that substantially contribute to environmental objectives and satisfy do-no-significant-harm criteria	Connects sustainability disclosure with economic activities, capital allocation and transition finance	Technically complex and primarily environmental; does not constitute a full ESG-reporting framework
Integrated Reporting Framework	Providers of financial capital and wider stakeholders	Value creation over the short, medium and long term	Explain how strategy, governance, performance and prospects interact across multiple capitals	Connects financial and non-financial information within a broader business model	Principles-based and less prescriptive in terms of specific ESG metrics
UN Global Compact Communication on Progress	Stakeholders of participating companies	Principles-based impact and accountability orientation	Report progress on human rights, labour, environment and anti-corruption principles	Connects corporate reporting with internationally recognised principles and the SDGs	Less granular and less comparable than ESRS, ISSB or GRI



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ESG Reporting - Adding complexity?

Companies have been facing with the increasing task of creating annual sustainability reports.

They submit information aligned with different voluntary frameworks:

[DJSI](#), [SDGs](#), [Sustainalytics](#), UN Global Compact ([UNGC](#)), Global Reporting Initiative ([GRI](#)), Climate Disclosure Standards Board ([CDSB](#)), Sustainability Accounting Standards Board ([SASB](#)), International Integrated Reporting Council ([IIRC](#)) and **up to 182 frameworks** according to [WBCSD](#).

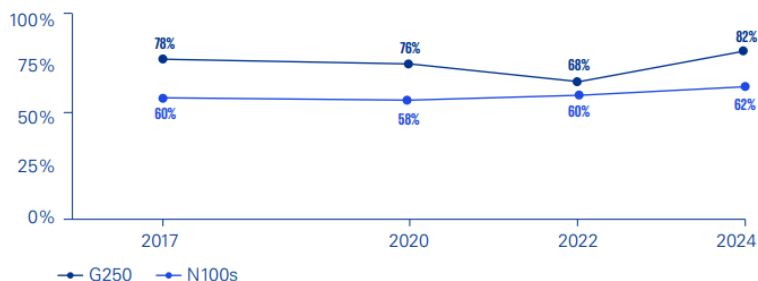
Besides, the Paris Agreement gave birth to the Task Force on Climate-related Financial Disclosure ([TCFD](#)).

DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022

KPMG Survey (2024)

More than four-fifths of companies in the G250 group now include information on sustainability or ESG in their annual reports. The proportion has rebounded to 82 percent this year from a low of 68 percent in 2022 after declining from 78 percent in 2017. This is largely due to increasing inclusion of such information by Chinese and US companies, which together make up three-fifths of the G250.

Companies including information on ESG and sustainability in annual reports in G250 and N100s



Base: 250 G250 companies and 5,800 N100 companies



<https://kpmg.com/xx/en/our-insights/esg/the-move-to-mandatory-reporting.html>

ESG Reporting - Research

Corporate Social Performance, Firm Size, and Organizational Visibility: Distinct and Joint Effects on Voluntary Sustainability Reporting

Philipp Schreck, Sascha Raithel

Business & Society, vol. 57, 4: pp. 742-778. First Published November 8, 2015.

Abstract

This study investigates the **distinct and joint effects of corporate social performance (CSP), firm size, and visibility on a company's decision to disclose sustainability-related information** through sustainability reports. It seeks to provide more nuanced explanations for why certain companies tend to extensively report on their sustainability performance. First, while prior studies have predominantly focused on environmental reporting, the current analysis considers comprehensive sustainability reports that include both environmental and social issues. Second, the article argues that the effects of **two important antecedents of legitimacy pressure—firm size and organizational visibility—should be analyzed separately** rather than restricting the analysis on the effects of legitimacy pressure per se. Third, it argues that the **hypothesized effects are nonlinear** because the marginal costs and benefits of sustainability reporting vary with a company's CSP level, its size, and its visibility in the public. Finally, although there is a strong link between **CSP and sustainability reporting, the strength of this link depends on its size and visibility**. The study of 280 companies in environmentally and socially sensitive industries provides considerable support for these hypotheses, including evidence that size and visibility independently affect sustainability reporting and that the shape of the CSP/sustainability reporting link is contingent upon firm size and visibility.



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ESG Reporting - Research

Framework:

Whether these firms can reap the expected benefits of such engagement often depends on whether their stakeholders have sufficient and credible information about the firms' actual corporate social performance (CSP). Firms may, therefore, choose to voluntarily account for their sustainability performance (Brown & Fraser, 2006; Schaltegger & Burritt, 2006) and disclose that information to influence favorably the decisions of external stakeholders (Montiel, Husted, & Christmann, 2012; Narayanan, Pinches, Kelm, & Lander, 2000).

Research Questions:

Is it primarily the noble social performers that disclose, or is the decision to issue sustainability reports independent of actual social performance?

Why would companies with a nonsatisfactory social performance voluntarily disclose information regarding their inferior performance?

State of the art:

Literature review has identified two major drivers of voluntary sustainability reporting: CSP and legitimacy pressure.



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ESG Reporting - Research

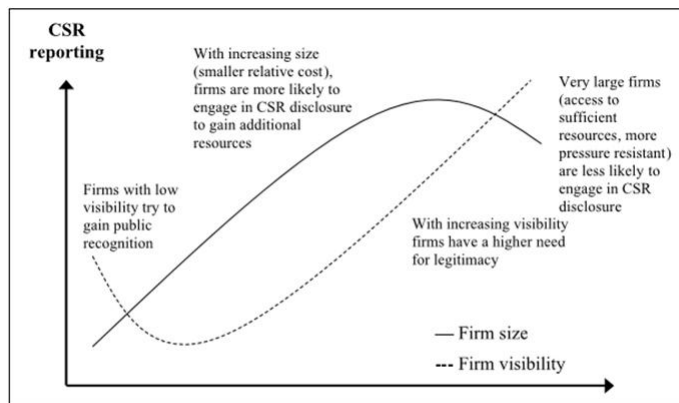


Figure 1. Hypothesized relationships between firm size/visibility and sustainability reporting.

Note. CSR = corporate social responsibility.



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Why to develop a ESG Report?

Life cycle assessment

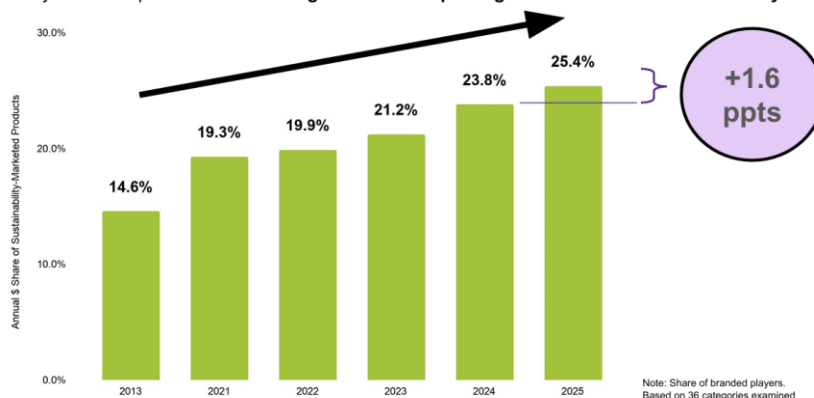


Sustainable Market Share Index™
2025 Report



Sustainable Market Share Index™: 2025 Market Share

Sustainability-marketed products continue to **grow share despite high inflation and external volatility**



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Why to develop a ESG Report?

Life cycle assessment

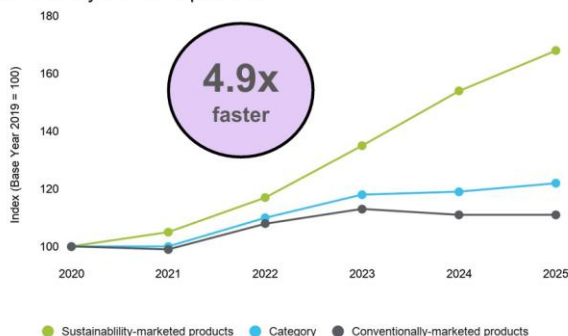
NYU STERN

Center for Sustainable Business

Sustainable Market Share Index™
2025 Report

Sustainable Market Share Index™: Growth Rate 5-YR CAGR

At a **10.9% 5-year CAGR**, sustainability marketed products grew 4.9X faster than conventionally marketed products



Sustainability-marketed:

+10.9%

Total Market:

+4.0%

Conventionally-marketed:

+2.2%

Note: Share of branded players.
Based on 36 categories examined



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Why to develop a ESG Report?

Life cycle assessment

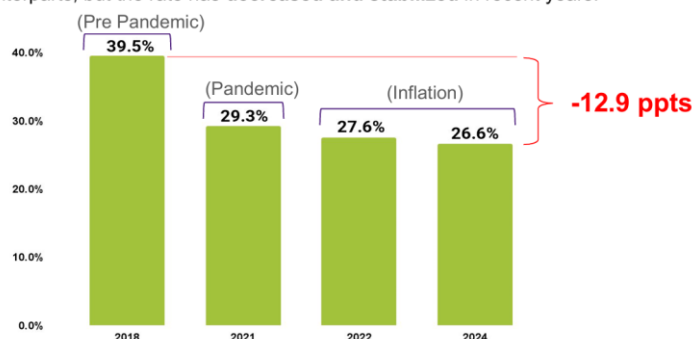
NYU STERN

Center for Sustainable Business

Sustainable Market Share Index™
2025 Report

Sustainable Market Share Index™: 2024 Price Premiums over Time

Products marketed as sustainable enjoy a **26.6% price premium** over conventional counterparts, but the rate has **decreased and stabilized** in recent years.

**-12.9 ppts**

*Weighted by \$ Sustainable Sales of categories examined; analysis excluded store brand/private label

Note: Share of branded players.
Based on 36 categories examined



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Why to develop a ESG Report?

Life cycle assessment

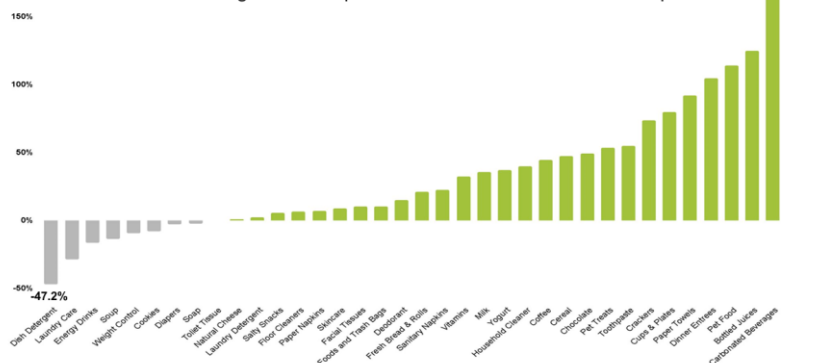
NYU STERN
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Sustainable Business

Sustainable Market Share Index™
2025 Report



Sustainable Market Share Index™: 2024 Price Premium by Category

In majority of categories, sustainable products **still command price premium** ranging from 1% to 167%. A few categories have price discounts versus conventional products.



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Why to develop a ESG Report?

Life cycle assessment

Life cycle assessment can improve sustainability reporting in at least five ways:

- **Traceability:** It links environmental impacts to raw materials, manufacturing, transport, use and end-of-life stages.
- **Comparability:** It can compare products using a defined functional unit, such as kilograms of CO₂-equivalent per litre of product or per 100 uses.
- **Hotspot identification:** It shows where the largest impacts occur in the value chain.
- **Product design:** It helps companies compare alternative materials, suppliers, technologies and packaging systems.
- **Credibility:** It provides a stronger evidential basis for sustainability claims than broad statements such as “eco-friendly” or “green.”

Also, check: D'Eusonio, M., Petti, L., & Finkbeiner, M. (2025). “Beyond product: organizational LCA methodologies for sustainability governance.” The International Journal of Life Cycle Assessment, 30, 2677–2682.



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