OCTOBER 2025

From strategy to spend: The state of sustainability in business

Global perspectives on navigating sustainability challenges and opportunities



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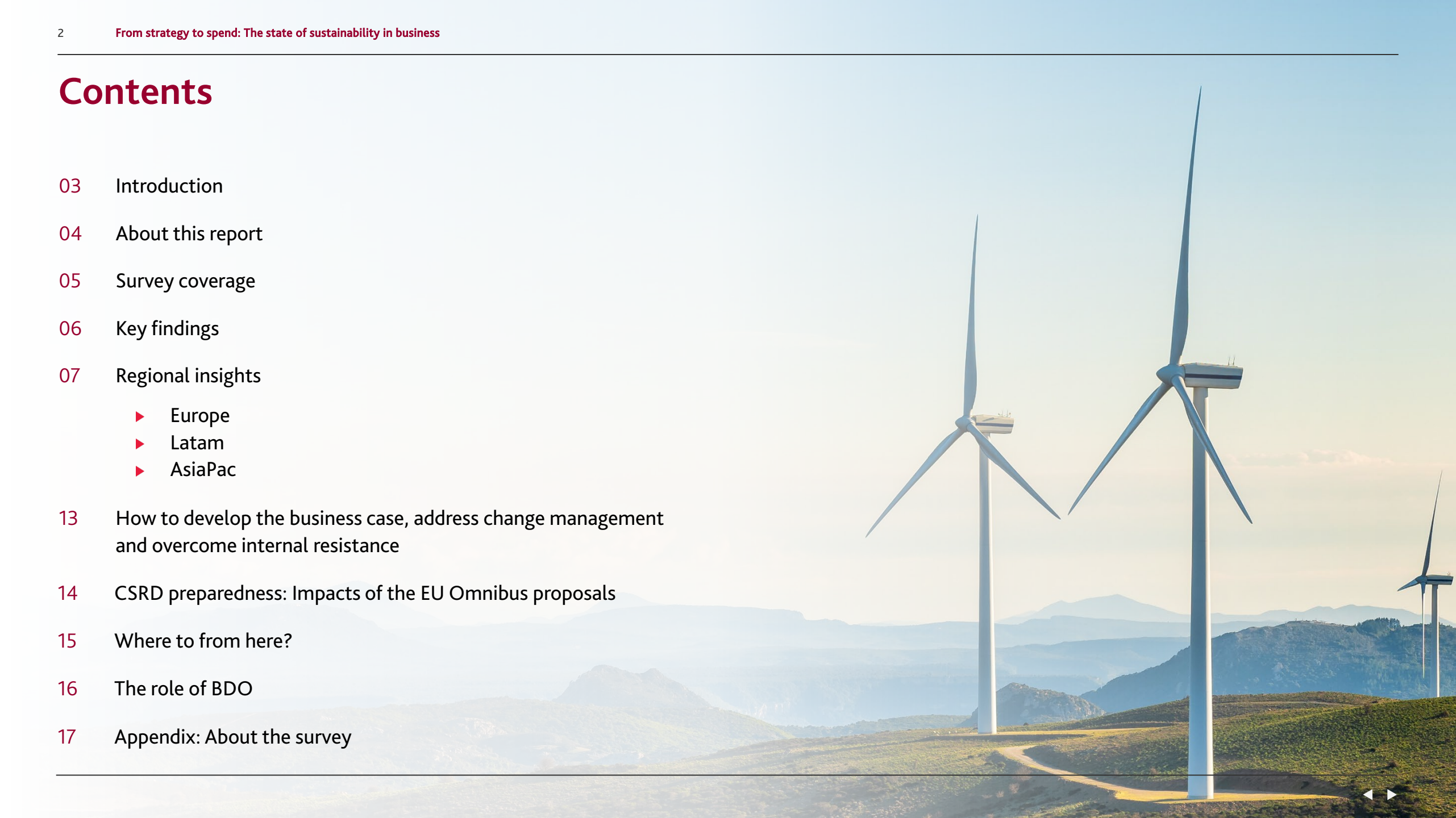
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Navigating business sustainability amid global shifts



Allan Evans
Global Head of Strategic Projects

The pull back we have seen this year in terms of sustainability deregulation and political pressures has created an uncertain operating environment for many companies. This comes at a time when extreme weather events show no signs of abating – with over $100bn in losses so far this year, according to Munich Re.

The results of our first global sustainability survey indicate that sustainability is very much on the business agenda, across all sizes of company - mostly because it creates value but also clients require it, either due to regulatory requirements or as a result of being part of a supply chain. Some 87% of respondents highlight the importance of sustainability to their business strategies, while 83% state sustainability is a competitive advantage.

Yet only every fourth company has a mature sustainability programme indicating there is work to be done for sustainability to become 'business as usual'.

Delving deeper into some of the responses, we note that many companies seem to be still working to embed their sustainability strategy into their business. While the survey was made available to both clients and non-clients, we acknowledge that most respondents could work in companies already engaged in sustainability topics, which may skew some results towards a more mature market perspective.

There are challenges. In Europe, the rollback of the Corporate Sustainability Reporting Directive (CSRD) has created uncertainty around the specifics of sustainability reporting. However, we found that most companies are continuing their CSRD preparation, because they know it will come in some form even if delayed, and so prefer to be ahead of the curve. They also see strategic advantage in reporting. In the Latin America (Latam) region, short-term pressures clash with long-term goals while in Asia Pacific (AsiaPac), cost and availability of capital are big barriers to sustainability investment, especially for smaller companies.

Looking ahead, in the Middle East the rapid evolution of public policies and investor requirements should hasten the integration of sustainability into company strategies.

As a global professional services organisation, we are uniquely positioned to influence positive change. Our clients look to us not only for insight and expertise, but for leadership in navigating the complex challenges of a rapidly evolving world. Encouragingly, our survey found that sustainability budgets remain largely intact, with companies recognising the strategic nature of investments in sustainability, whether it be building climate resilience, advancing responsible innovation or fostering inclusive growth and ethical governance.

We will continue to work closely with our clients to help them lead confidently in a complex and shifting global environment.

83%

of respondents say that sustainability provides a competitive advantage, yet only

25%

of these companies have a mature sustainability programme

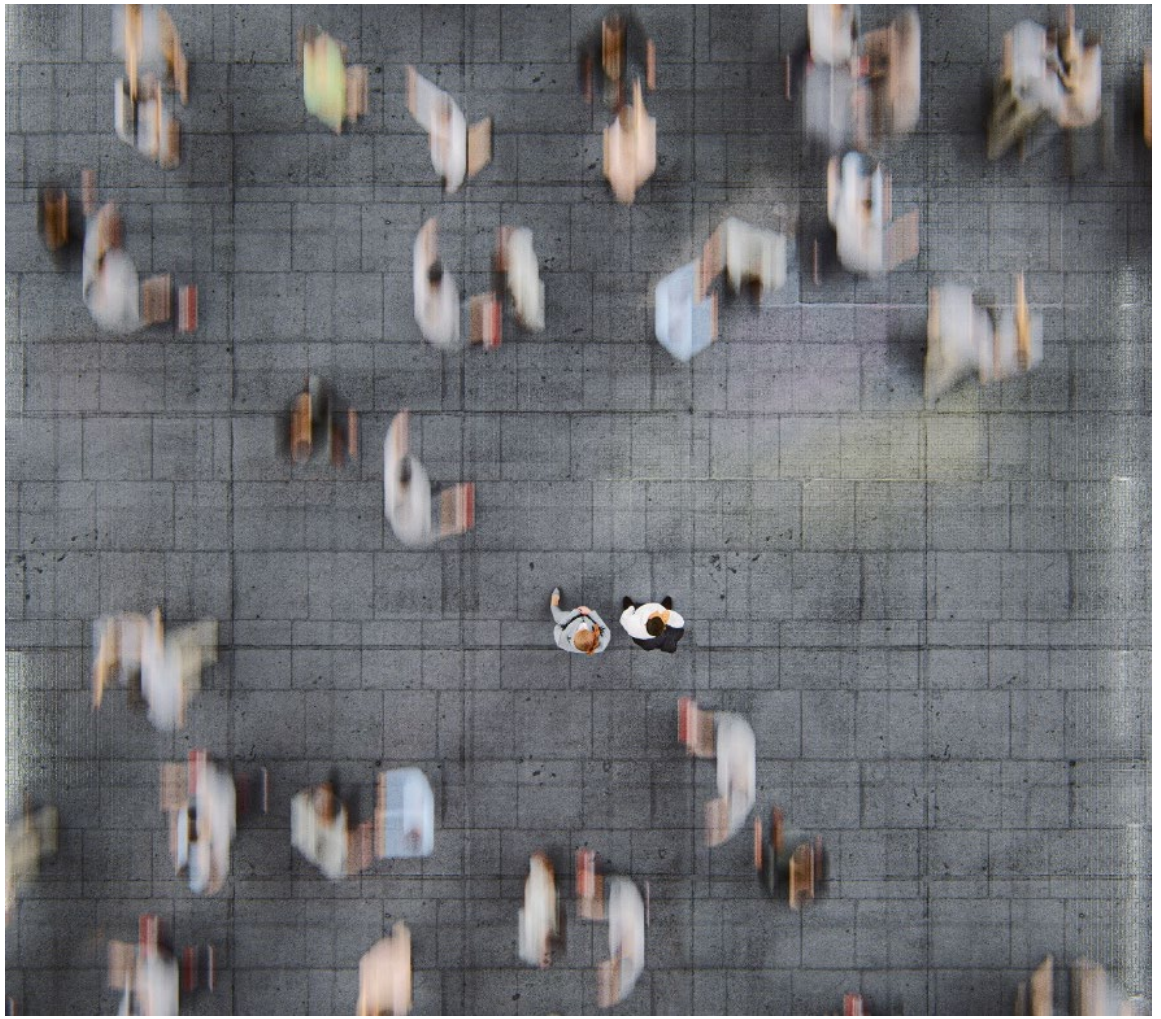
About this report

The inaugural BDO global sustainability survey is based on a survey of 418 small, medium and large sized companies across 36 countries. The survey aimed to explore how companies across different countries, industries, and sizes are integrating sustainability into their strategic agendas. It gathered insights on whether sustainability is embedded in their core strategies, the perceived value of those strategies - and how these efforts impact competitive advantage.

The survey also examined planned changes in sustainability budgets for 2025, the motivations behind those changes, key focus areas, implementation challenges, and whether companies are publicly reporting on their sustainability performance.

Responses from African and Middle East countries have not been analysed regionally due to the small number of responses, possibly due to a less mature market. This is not to suggest these regions are less important - their responses have been included in the global results - and we acknowledge that Africa and the Middle East will be part of the solutions going forward.

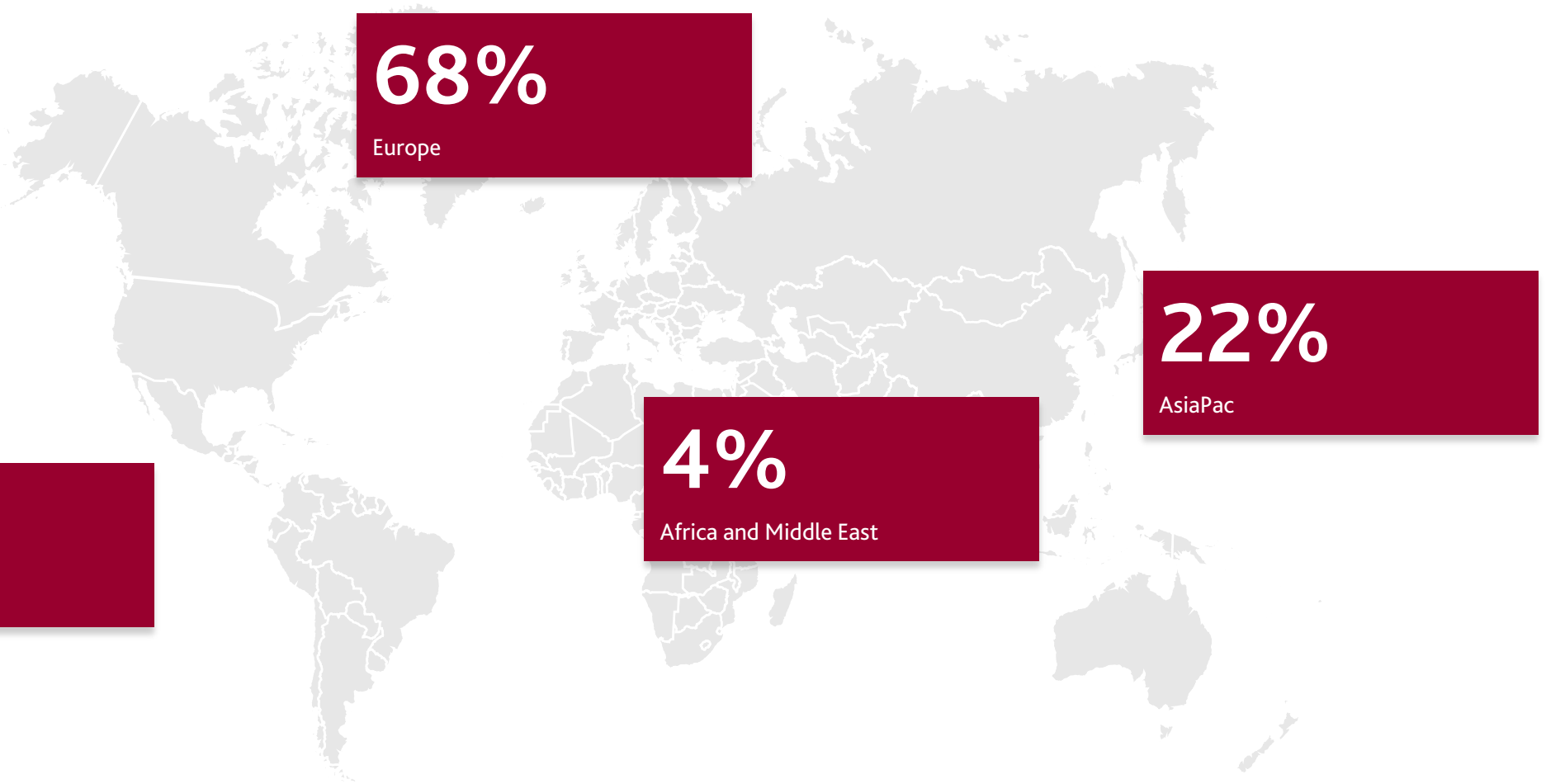
A supplementary set of questions focused on European companies' readiness for the Corporate Sustainability Reporting Directive (CSRD). Results show that most companies have already started the preparation and despite the EU Omnibus deregulation, their intention is to not give up on their sustainability goals. The analysis of responses to these questions is shared on pages 14 - 18.



Survey coverage

The survey was shared with both BDO clients and non-clients, globally, as well as made available publicly on our social media channels.

Regional breakdown of responses:



Key findings

- **Sustainability remains in focus:** With **87%** of companies including sustainability in their business strategy, companies are clearly motivated by the need to run sustainable businesses - driven by motivations around value creation and value chain expectations
- **Sustainability creates business value:** **83%** of respondents view sustainability as a competitive advantage, motivating increased or at least stable budgets and continued reporting despite political or regulatory setbacks
- **Budgets are largely intact:** Despite trends towards deregulation and regulatory delays, companies are maintaining or increasing their sustainability budgets for 2025, indicating strong commitment. It is crucial to focus this spending in areas with the biggest impact

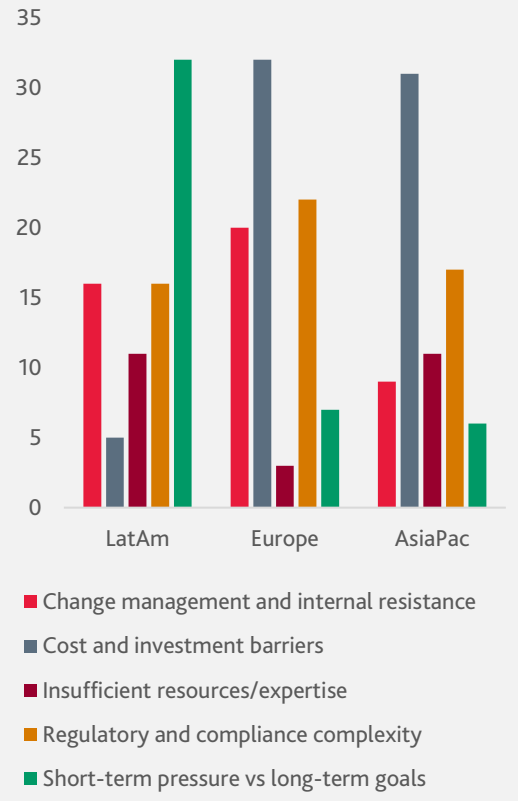
83%

of respondents state that sustainabilty creates a competitive advantage for their company. If you are not already embedding sustainability into your business strategy and operations, it's time to consider how you might achieve that.

Speak to a BDO sustainability strategy professional

- **Cost and investment barriers** are the top challenges, alongside **regulatory uncertainty** - especially for smaller companies – which adds complexity
- **Developing the business case and regulatory changes** can be a hindrance for some companies
- **Resource constraints:** Smaller companies struggle with limited resources and expertise, making it harder to implement sustainability plans effectively

What is your top challenge when implementing your sustainability strategy?

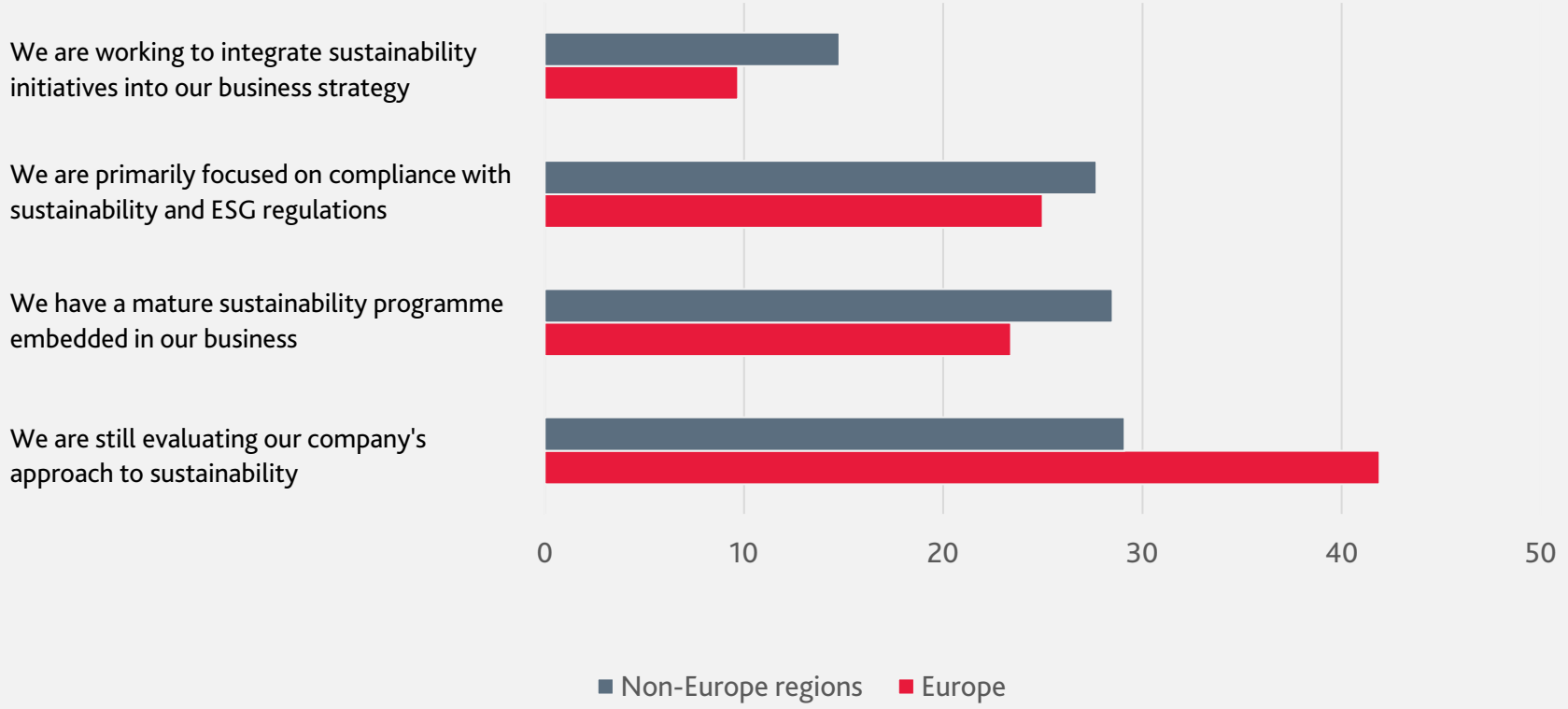


Regional insights: Europe

Participating countries:
Austria • Belgium • Denmark • Finland • France • Germany • Greece • Hungary • Ireland • Italy • Luxembourg • Netherlands • Norway • Serbia • Slovenia • Spain • Sweden • Switzerland • UK

- **42%** of European companies are still evaluating their company's approach to sustainability
- Only **25%** of European companies have a mature sustainability programme embedded into their business
- However, **53%** of European companies have published a sustainability report

What is the current state of your sustainability strategy?



Regional insights: Europe

Added value:

European companies cite the following areas where they experience the most added value from their sustainability investments:

- Reduced environmental impact / carbon footprint **(25%)**
- Access to favourable financing or investment **(19%)**
- Cost savings (**10%**)
- Attracting talent **(10%)**

Budget:

94% of European companies report the same budget as in 2024 or an increase for this year, with companies more focused on decarbonisation and transition plans to meet their sustainability commitments.

Challenges:

- Cost and investment barriers significantly complicate the sustainability efforts of all companies.
- Regulatory and compliance complexity has had more impact on small and medium sized European companies – which makes sense considering these companies probably have smaller sustainability teams to manage the workload and uncertainty regarding the CSRD legislation.
- Addressing short-term pressures while focusing on long-term goals are mostly experienced by large European companies. These companies typically have more complex investment decisions to make in business operations and transformation.

FROM ROADBLOCKS TO RESULTS

Simplify and prioritise compliance through strategic partnerships: Collaborate with ESG consultants, industry associations, or legal advisors to interpret and prioritise regulatory requirements

Leverage technology for ESG data management: Use ESG software platforms to automate data collection, reporting, and compliance tracking

Align ESG goals with core business strategy: Integrate sustainability into business planning and performance metrics

Focus on materiality and impact: Conduct a materiality assessment to identify the most relevant ESG issues for your business and stakeholders

Communicate transparently and build stakeholder trust: Share ESG progress and challenges openly with investors, customers, and your employees

Regional insights: Latam

Participating countries:
Argentina • Colombia • Mexico • British Virgin Islands

Despite regulatory and political setbacks, companies in Latam are progressing their sustainability programmes

- **68%** of companies surveyed have published a sustainability report
- **42%** of respondents report having a mature sustainability programme
- **37%** of respondents are working to integrate sustainability into their business strategy

"Sustainability budgets have proven resilient, with most companys maintaining or increasing their allocations in 2025. As expectations for impact and ROI grow, the imperative is clear: investments must be deployed with precision to unlock the greatest return - delivering measurable outcomes, operational efficiencies, and long-term business value."

Alejandro Wilches, Partner, Sustainability Advisory, BDO Colombia



Regional insights: Latam

Added value:

32% of respondents state that broader risk considerations that inform strategic decision-making is where sustainability provides the greatest added value; followed by **26%** who say that access to favourable financing and investment is a key value-add area.

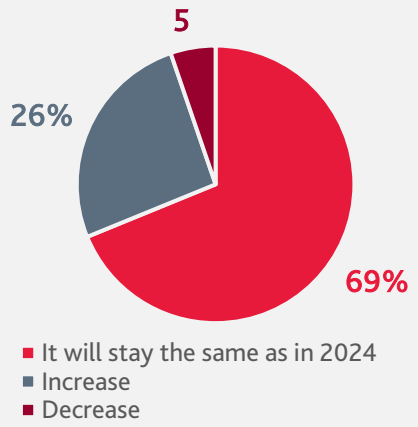
Budget:

26% of the Latam companies will increase their sustainability budget this year, while the majority **(69%)** will spend the same amount as in 2024, citing increased regulatory compliance **(60%)** and increased sustainability commitments **(20%)** as the primary reasons.

Challenges:

- Dealing with immediate short-term pressure vs focusing on long-term goals is the biggest challenge facing the Latam companies surveyed
- Regulatory complexity, change management and internal resistance are pressing challenges for companies with fewer than 1,000 employees
- Whereas for large companies, data collection and management is the most urgent challenge

Do you plan to increase or decrease your spend on your sustainability programme in 2025?



FROM ROADBLOCKS TO RESULTS

Quick wins with long-term impact: Identify initiatives that show immediate ROI (e.g., energy efficiency upgrades) while contributing to long-term decarbonisation.

Regulatory roadmaps: Create simplified, visual guides to help teams understand upcoming regulations and their implications. Break down sustainability initiatives into manageable phases to reduce overwhelm.

Training & capacity building: Offer targeted workshops on ESG, compliance, and sustainability fundamentals.

Centralised ESG data platforms: Invest in digital tools that consolidate data across business units and geographies.

Cross-functional collaboration: Involve IT, finance, and operations teams to ensure data accuracy and relevance.

Regional insights: AsiaPac

Participating countries:
Australia • China • India • Japan • Philippines • Singapore

The current primary focus for companies in AsiaPac is complying with legislation (primarily driven by Australia)

- **47%** of respondents have published a sustainability report (lower than Europe at 53%)
- **36%** of respondents are primarily focused on compliance with sustainability regulations
- **31%** are integrating sustainability into their business operations

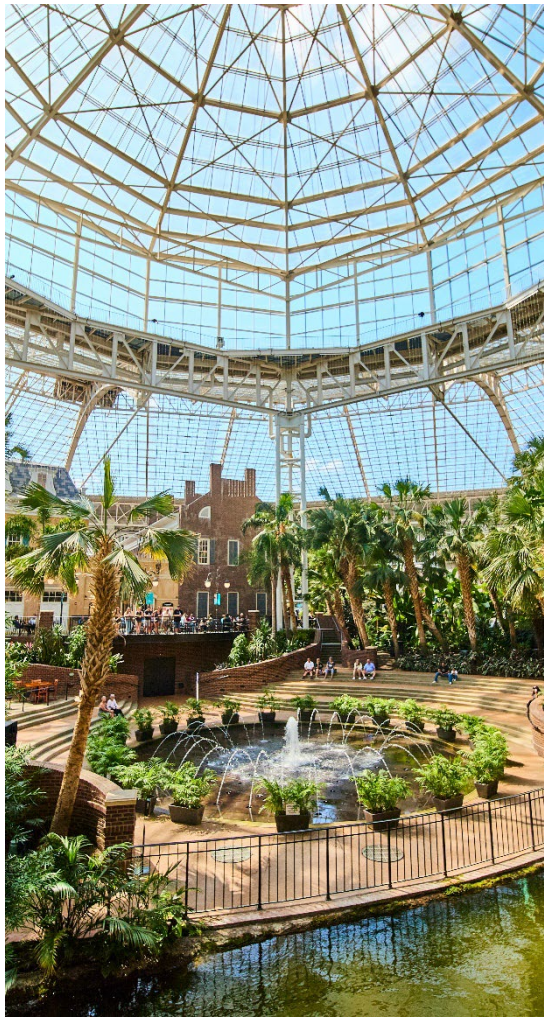


"When it comes to sustainability investment, it's crucial to know what is material for your company. This will support the business case for your investment."

Aletta Boshoff, BDO Australia
National Lead Partner, IFRS & Corporate Reporting,



Regional insights: AsiaPac



Added value:

20% say reduced environmental impact is their top value-add area

This is followed by cost savings **(17%)** and talent attraction **(15%)**

Budget:

38% of AsiaPac companies will increase their sustainability budget this year. Of these:

- **67%** is due to increased regulatory compliance requirements
- **20%** is due to increased sustainability commitments such as net-zero goals or sustainability targets

Challenges:

- Cost and investment barriers are the biggest challenge facing companys in AsiaPac
- Data collection and management is a challenge faced by large companies
- Insufficient resources and expertise is a hurdle needing to be overcome by small and medium companies, coupled with change management and internal resistance
- To a lesser extent, we found that regulatory compliance complexity impacts all sized companies in AsiaPac

HOW TO: Develop the business case, address change management and overcome internal resistance

If being a sustainable business is good business, then what's holding companies back? Despite growing recognition of sustainability as a strategic imperative, many companys still face significant barriers.

Our research highlights three key challenges:

- ☑ developing a strong business case for investment and resources,
- ☑ the complexity of regulatory change,
- ☑ and managing the change that comes with transitioning to a more sustainable business.

To help shift this mindset and build momentum, here's what we propose to help you overcome these barriers.

- **Align sustainability strategy with business strategy:** Ensure that sustainability is integrated into the core business strategy to maximise long-term benefits and enhance operational efficiency.
- **Develop a clear business case:** Clearly articulate the value of sustainability initiatives in terms of cost savings, risk management, and competitive advantage. Highlight how sustainability can drive value creation and meet value chain expectations
- **Focus on strategic investments:** Prioritise areas with the highest impact, such as technology and innovation, market positioning, and value creation. This helps ensure that sustainability investments are aligned with overall business goals
- **Leverage business incentives:** Utilise overall business incentives to boost sustainability investments. This can include focusing on areas like value creation, technology, and innovation
- **Address regulatory compliance:** Ensure that sustainability initiatives are designed to meet regulatory compliance requirements. This is particularly important for companies that may face more significant regulatory challenges
- **Engage stakeholders:** Actively engage and educate management and other stakeholders about the benefits of sustainability. This can be achieved through clear guidelines, training programmes, and regular communication



"Successful transformation comes from clear guidelines, as well as engaging and educating management and other stakeholders"

Akoz Veisz, BDO Hungary
Managing Partner, ESG Services

CSRD preparedness

Impacts of the EU Omnibus proposals



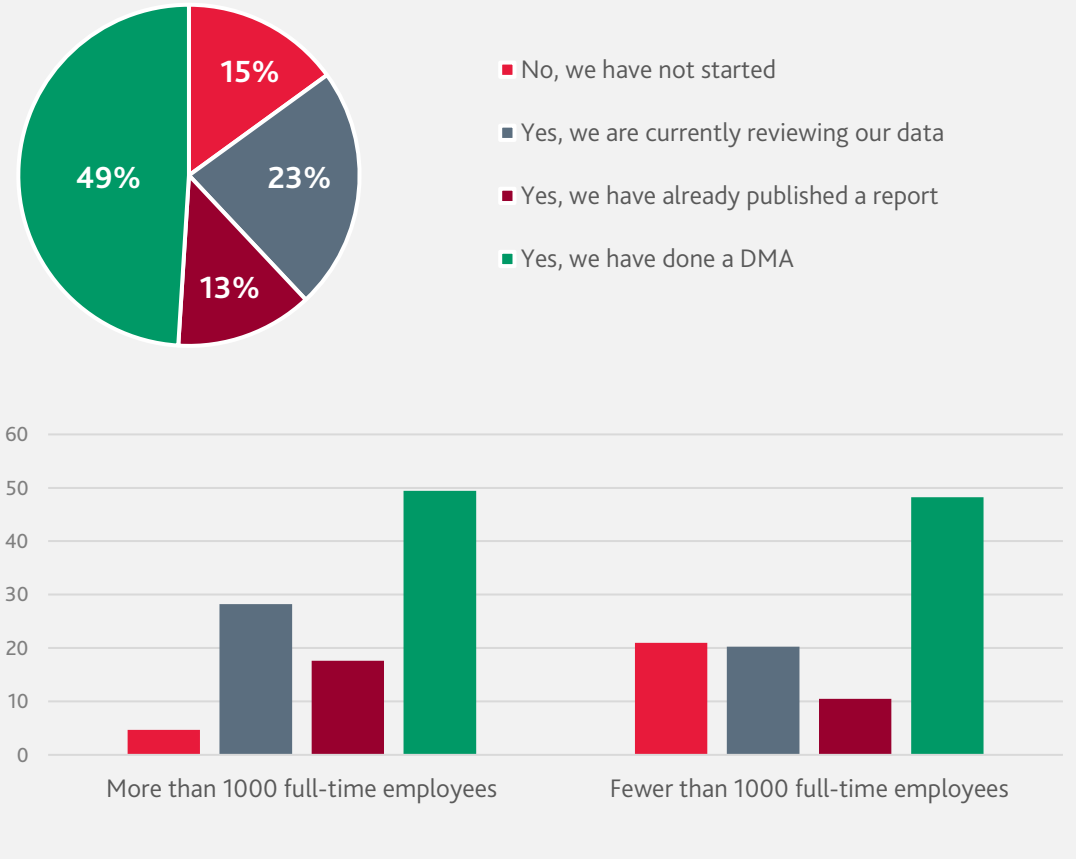
Key findings

- **The majority of European companies have started their preparation for the CSRD,** to identify their sustainability material topics through a Double Materiality Assessment (DMA), or collecting data
- **20% of companies** with more than 1000 employees have already published a CSRD report
- **20% of companies** have started to collect data for their CSRD report

85%

of European respondents have started to prepare for CSRD compliance

Have you started your preparation for the CSRD?

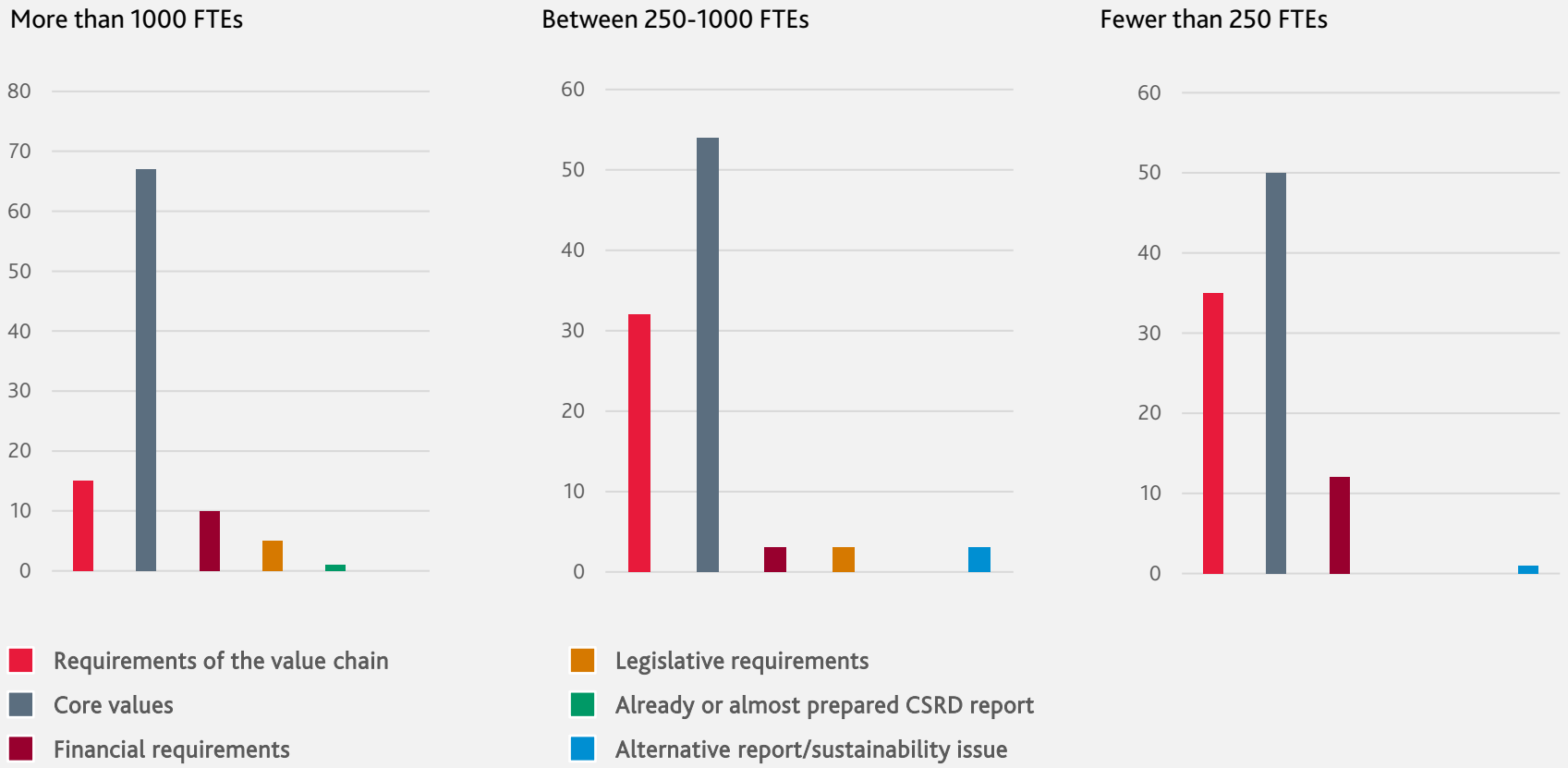


Value creation and value chain motivations drive continued preparation for CSRD reporting

Companies with more than 1000 employees want to continue CSRD preparation regardless of the Omnibus proposals as they are focusing on sustainability to drive value creation.

Smaller companies, being part of global supply chains, will stay the course as they face pressure from their business partners.

What is your main motivation to continue with your CSRD report preparations? (CSRD-subject companies) (n=225)?



Omnibus deregulation is well known in Europe

96%

of European respondents (companies with 250-1000 employees) know about the Omnibus proposals

31%

of respondents (from all companies surveyed globally, 250-1000 FTEs) do not know of the Omnibus proposals



Where to from here?

We asked five of our sustainability leaders to share their prediction for where sustainability will be in the next two to three years.

"In Australia, the phased introduction of mandatory sustainability reporting (initially only climate reporting) as part of the annual report, is reshaping the sustainability agenda. This regulatory shift is not only surfacing valuable insights into how companys manage risk and opportunities but also prompting a strategic rethink among leadership teams. As businesses begin to recognise both the compliance and strategic advantages of robust sustainability practices, we're seeing a natural evolution toward doing better. Importantly, the assurance of mandatory climate reporting by financial auditors is reinforcing the integration of sustainability into core business governance."



Aletta Boshoff,
National Lead Partner, IFRS & Corporate Reporting, BDO Australia

"Over the next few years, sustainability will shift from aspiration to acceleration. The future belongs to those who invest wisely in clean energy, resilient infrastructure, and low-carbon innovation - treating sustainability not as a cost centre, but as a catalyst for enduring value."



Karen Baum,
BDO Global Sustainability Services Workstream Leader; Managing Principal, Sustainability Centre of Excellence, BDO USA

"With continued geo-political uncertainty and vacillation, the regulatory backdrop will continue to be in flux. But as the impacts of climate change become more and more prevalent, I expect businesses to accelerate their decarbonisation and climate transition programmes powered by an increasingly demanding consumer base who will use brand switching as their lever."



Allan Evans,
Global Head of Strategic Projects

"Although sustainability may become less compliance-driven in the EU in coming years, companies are recognising the business implications of not addressing this area. Placing greater emphasis on risk assessment and identifying related opportunities, along with exploring green financing options, will be critical success factors. While deregulation trends may continue, climate risks persist, as evidenced by recent extreme weather events. Clients should seize this momentum, maintain their focus, and reallocate resources towards business transformation."



Akos Veisz,
Managing Partner, ESG Advisory, BDO Hungary

"Over the next 2 to 3 years, ESG will become a strategic lever shaped by each sector's exposure to financial risks, with already-committed companies continuing their efforts to ensure long-term viability and, where needed, transform their business models. All departments must take ownership of the topic, balancing short-term pressures with long-term vision through a holistic approach. For less mature companies, stakeholders - shareholders, investors, clients, employees, and advisers - will play a key role in driving change, as every business bears responsibility toward society and its ecosystem, and must act to mitigate, adapt, and contribute."



Audrey Leroy,
Partner, BDO France

The role of BDO
Helping clients thrive, sustainably

At BDO, our purpose - People helping people - guides our commitment to helping clients navigate sustainability challenges and opportunities. We recognise the expectations of stakeholders, from clients and employees to investors and regulators, and we support companies in embedding sustainability into their core strategy.

Our professionals work with clients at every stage of their sustainability journey, helping them unlock long-term value by integrating environmental, social, and governance considerations into business decisions. We take a holistic, integrated approach - balancing financial and non-financial factors across short-, medium-, and long-term horizons.

By adopting a sustainability strategy, clients can manage non-financial risks, improve decision-making through better data, enhance their reputation, and attract investment and talent. Most importantly, they can reduce their environmental impact while building resilience and prosperity.

BDO sustainability services:

- Sustainability strategy
- Sustainability regulatory reporting advisory
- Sustainability assurance
- Climate services
- Sustainable finance
- Sustainability advisory (Sustainable communities – Human Capital Management – Learning & development – Global value chain)

Learn more: Sustainability Home - BDO



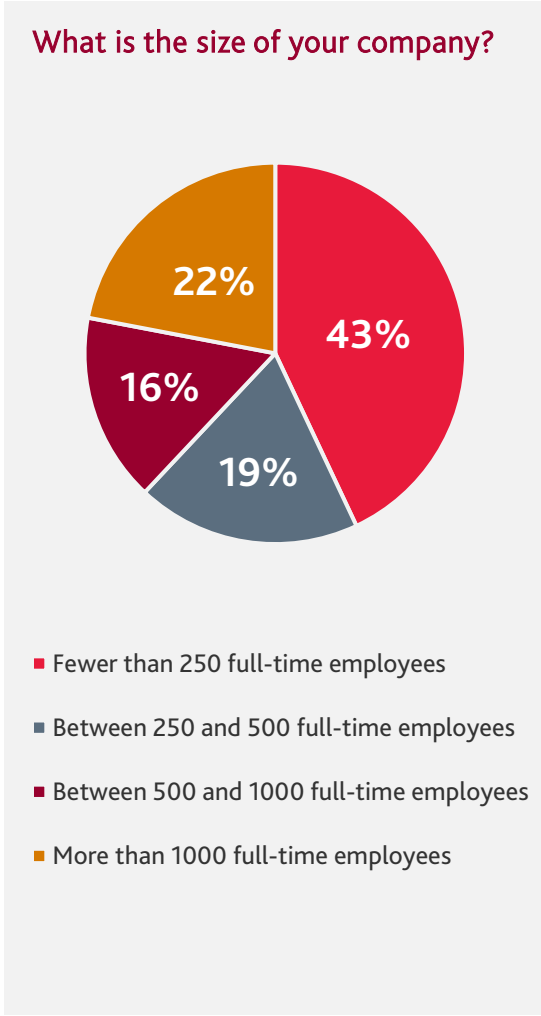
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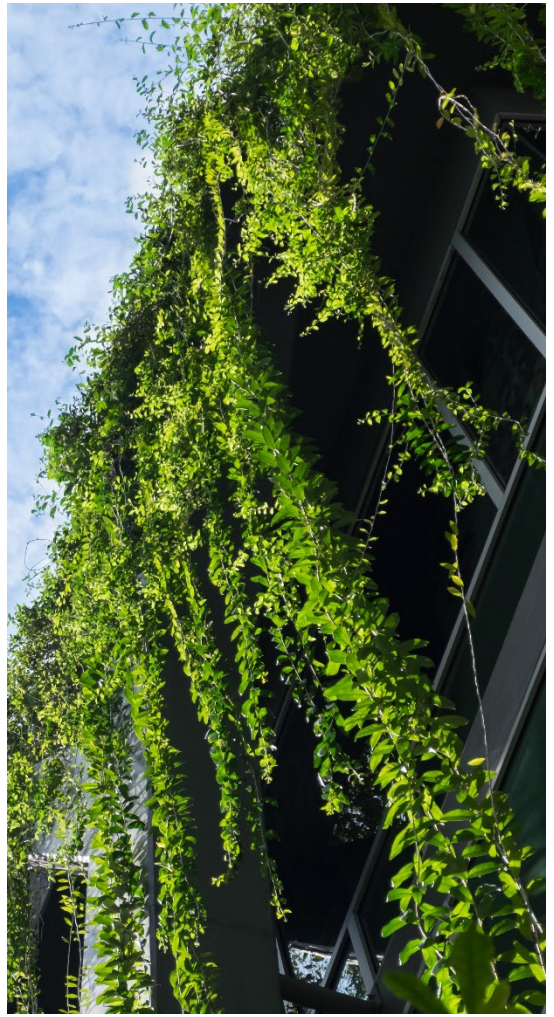
About the study



Survey methodology

- **418** respondents from **36** countries
- Survey period: 16 April 2025 - 23 June 2025
- Regional breakdown of the assessment (Africa and the Middle East excluded from the regional evaluation due to lower sample size):
  - **Latam:** 25 (6%)
  - **AsiaPac:** 91 (22%)
  - **Europe:** 285 (67%)
- Industry sectors: Responses from companies in 18 industry sectors. Top 5:
  - **Manufacturing** – 82 (20%)
  - **Financial services** – 42 (10%)
  - **Real estate and construction** – 41 (10%)
  - **Consumer services** – 36 (9%)
  - **Utilities** – 33 (8%)
- Size of companies surveyed:
  - **Small** – fewer than 250 full-time employees (43%)
  - **Medium** – between 250 and 1,000 full-time employees (35%)
  - **Large** – over 1,000 full-time employees (22%)





Survey questions - Sustainability



- What country is your company headquartered in?
- What industry sector do you operate in?
- What is the size of your company?
- Are you a client of BDO?
- Is sustainability part of your companyal strategy?
- What is your company's current sustainability strategy?
- Has your sustainability strategy added value to your company, either financially or through improved social or governance metrics?
- Is the added value seen in financial, environmental, social or governance metrics, or a combination?
- Do you plan to increase or decrease your spend on your sustainability programme in 2025?
- If your budget will INCREASE, what are the top 5 reasons for an increase in your sustainability budget this year?
- If your budget will DECREASE, what are the top 5 reasons for a decrease in your sustainability budget this year?
- Do you believe your approach to sustainability has given you a competitive advantage over your peers?
- What are your top five sustainability focus areas?
- Where do you see the most added value for your sustainability initiatives?
- What are your top five challenges with regards to implementing your sustainability strategy?
- Has your company published a sustainability report?

Survey questions - CSRD



- Have you already started your preparation for the Corporate Sustainability Reporting Directive (CSRD)?
- Have you heard of the EU's ambitions to reduce the administrative burden on companies regarding sustainability reporting, the 'Omnibus proposals'?
- Have you had a conversation with your management team on the potential impacts these proposals may have on your CSRD preparation process?
- What is your current decision?
- In your view, what may be the most likely outcome for your company?
- What is your main motivation to continue with your CSRD report preparations?

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