FRAMING SUSTAINABILITY AMBITION

In this peer discussion, we chatted about key trends in how companies are setting their sustainability goals, including shifts in the scope and scale of ambition, the language that is being employed, and the growing gap between leaders and laggards.

We will be publishing a more in-depth blog that expand on the points below this fall.

- **Companies are growing more cautious – compliance is front of mind.** IFRS and CSRD standards have brought more attention to compliance and data integrity. For many companies, that has shifted the work from communications or strategy into compliance functions like finance or risk.
- After years of measurable sustainability progress across target-setting, action, disclosures, and more, political and regulatory headwinds are causing some firms, in some regions, to **pull back on disclosures**. Research from UCLA shows that there's been a 6.8% decline in sustainability reporting between 2024 and 2025, marking the first decline in the report's history, and 63% of companies overall have reported scaling back or reframing how they communicate sustainability externally.
- **The shift towards compliance is also shifting access and influence for sustainability leaders.** The number of CSOs in the US has declined for the first time since 2011, and only 14% of CSOs say they are reporting to CEOs – less than half as many as in January 2025.
- **There is uneven progress across companies, and the gap is growing.** Despite pressure to reduce or abandon sustainability ambitions, investor expectations, regulatory scrutiny, litigation risks, physical climate impacts, and greenwashing risks continues to motivate leading companies to maintain their sustainability ambitions and continue to make progress on meeting them.
- **Yet, there is a growing divide in the progress between leading companies and laggards** - in terms of the scope and scale of their ambitions, the extent to which these ambitions are being voiced publicly, and implementation.
- Among leaders, the quality of commitments has improved, especially in terms of nuance and in setting and achieving interim targets. Among laggards, backsliding ambition is manifesting in numerous ways, including companies abandoning targets, shifting the goal posts, and using different metrics to make it easier to claim progress.

- **Companies are shifting from high-level pledges to implementation.** The conversation is moving beyond "why" companies should act to "how" they should act. As a result, we're seeing that "disciplined" and "credible" ambition is replacing "high" ambition.
- Many companies have abandoned the five-year goal setting cycle and instead, we are seeing leaders shift away from new pledges and long-term goals to focus on nearer-term aspirations with transparent interim milestones. Laggards, on the other hand, are either reverting to longer-distance commitments or softer commitments (if not scrubbing their commitments entirely).
- **The language around sustainability ambition is also shifting.** Communications around sustainability ambitions have become more cautious, and many companies are veering in one of two directions: greater opacity, or greater clarity and nuance. For the latter, there's been a notable decline in bold claims, such as companies stating that they want to "*lead the race to net zero*." Instead, the language of sustainability ambition has also become more tangible and operational, with a greater emphasis on terms such as *value creation*, *resilience*, *adaptation*, *transition*, and *implementation*. Similarly, ambitions that were once framed more nebulously or in abstract terms – such as *carbon neutral*, *nature positive*, or *leading the transition* – are now being supplemented or replaced by language related to *risk management, capital allocation*, and *transition planning*.
- **Climate** ambitions are shifting towards disciplined execution, and although new decarbonisation targets grew by just 7% in 2025, the quality of goals and commitments is outweighing quantity, with commitments being increasingly science-based. Research indicates that climate pledges are increasingly emphasising implementation plans, Scope 3 coverage, clarifying offset reliance, and policy alignment as key indicators of credibility rather than headline ambitions alone.
- There is a growing trend of energy-related investments being tied to operational continuity and long-term cost stability. Terms such as "*carbon reduction*" are increasingly being replaced by "*energy savings*" and "*asset protection*" perhaps to reduce political sensitivity.
- A small but notable minority of companies have either weakened, delayed, or abandoned climate commitments in recent years. Some have pushed deadlines back, removed interim targets, or are quietly returning to limiting warming to "less than 2°C" rather than to 1.5°C explicitly.

- **Nature** is increasingly being framed around specific nature-related topics such as marine and freshwater, ecosystem services, and natural capital, and there continues to be strong reference to the Taskforce on Nature-related Financial Disclosures, the Kunming-Montreal Global Biodiversity Framework, and terms such as "nature-related risk". Nature-related commitments have broadened, with "nature positive" language nearly doubling between 2024 and 2025, and with companies increasingly connecting nature to resilience and business strategy. However, progress remains uneven, and many commitments lack clarity and evidence of implementation.
- **Most top companies are sticking with their social commitments**. That said, polling indicates that 71% of sustainability leaders expect their company to reduce or abandon at least one sustainability commitment, with DEI-related commitments and public advocacy on sustainability policy facing – by far – the greatest risk for revision or removal.