

Strategic Focus: The Business Case For Sustainability Reporting Software In 2026

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Sustainability reporting is becoming standard practice, driven by expanding regulation, evolving frameworks and rising supply chain expectations. As reporting and assurance demands grow, sustainability data are increasingly treated as business-critical, with pressure to deliver auditable, decision-grade disclosures aligned with financial performance. In response, organizations are investing in reporting software to improve data quality, efficiency and cross-functional insight. This report examines how these tools are evolving to support rising reporting demands, strengthen links with business performance and drive measurable value.

Table of contents

Sustainability reporting is becoming standard business practice	4
Regulations, voluntary frameworks and market pressures are propelling sustainability reporting	
Sustainability investment is connected to measurable business value	
Firms need sustainability reporting tools to drive business impact	

Table of figures

Figure 1. Overview of key sustainability regulations	5
Figure 2. Linking sustainability reporting software to business ROI	7
Figure 3. Connecting sustainability reporting software capabilities to business value	10



Organizations mentioned

Achilles, Australia Accounting Standards Board (AASB), Bertelsmann Foundation, Boston Consulting Group (BCG), Business for Social Responsibility (BSR), California Air Resources Board (CARB), Capgemini, Carbmee, CDP, Center for Audit Quality (CAQ), Deloitte, EFRAG, ESG Data Convergence Initiative (EDCI), EY, G&A Institute, Global Reporting Initiative (GRI), Greenly, IKEA, IntegrityNext, International Sustainability Standards Board (ISSB), Korea Accounting Standards Board (KASB), KPMG, McKinsey & Company, New York University (NYU) Stern Center for Sustainable Business (CSB), Position Green, PwC, S&P Global, Singapore Accounting and Corporate Regulatory Authority (ACRA), Singapore Exchange (SGX), Sustainability Accounting Standards Board (SASB), Sustainability Standards Board of Japan (SSBJ), Sweep, Swiss Re, Task Force on Climate-related Financial Disclosures (TCFD), Tokyo Stock Exchange, US Customs and Border Protection.

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Sustainability reporting is becoming standard business practice

Organizations are becoming increasingly transparent with regard to their environmental and social performance. At the same time, global disclosure rates are continuing to rise: the G&A Institute's [2025 Sustainability Reporting in Focus](#) report indicates that 99% of S&P 500 firms and 94% of Russell 1000 businesses issued sustainability reports in 2024. However, while collecting and sharing sustainability data is becoming standard operating procedure, firms are still obliged to justify their investment in sustainability reporting software. To make the business case, they must understand the upward trajectory of sustainability reporting, explain (and strengthen) the connection between sustainability and business performance, and work to apply insights to yield improvements both in sustainability and in business performance overall.

Regulations, voluntary frameworks and market pressures are propelling sustainability reporting

Sustainability reporting has traditionally been associated with large, publicly listed and purpose-driven organizations, but is now becoming essential for a broader range of firms seeking to meet evolving competitive and customer requirements. For example, every organization that wishes to disclose its full value chain emissions, including Scope 3 GHG emissions, must turn to its suppliers for sustainability data. The network effect is staggering – [CDP](#) estimates that more than 270 major buyers asked approximately 45,000 suppliers to disclose environmental data through CDP's supply chain programme in 2025. Firms in retail and manufacturing can attest to the influence exerted by supply chain leaders. Smaller and/or private organizations may share only a limited set of sustainability data points, possibly using simplified frameworks such as EFRAG's Voluntary Standard for SMEs ([VSME](#)), but the overall trajectory is upwards.

When it comes to sustainability reporting, Verdantix finds that:

- **Firms remain committed to voluntary reporting.**

For the last few years, the Verdantix ESG and sustainability global corporate surveys have shown that voluntary reporting is as important as regulated disclosures (see [Verdantix Global Corporate Survey 2024: ESG & Sustainability Budgets, Priorities And Tech Preferences](#) and [Verdantix Global Corporate Survey 2025: ESG & Sustainability Budgets, Priorities And Tech Preferences](#)). The data from major voluntary frameworks confirm this. In 2025, more than 22,000 firms voluntarily provided sustainability data through [CDP](#). A [2024 KPMG survey](#) of sustainability reporting among the largest 100 firms in each of 58 countries found that 79% produced sustainability reports and 71% reported using GRI standards. The [Sustainability Transformation Monitor](#) published by the Bertelsmann Foundation and other organizations confirmed that 75% of German firms no longer within scope of the EU Corporate Sustainability Reporting Directive (CSRD) still planned to report.

- **CSRD and ISSB are influencing growth in mandatory sustainability reporting.**

Globally, the CSRD and the International Sustainability Standards Board (ISSB) have a far-reaching impact on the growth of all sustainability reporting, not just mandatory reporting (see [Verdantix Strategic Focus: ESG Reporting In The Age Of CSRD And ISSB](#)). Europe leads global reporting adoption primarily due to the CSRD, while multiple jurisdictions, many in Asia-Pacific (APAC), are adopting regulations closely aligned with the ISSB (see **Figure 1**). At the time of this report, the final EU Omnibus had published, meaning that 27 EU member states now have more certainty around regulated sustainability reporting. [ISSB-aligned reporting](#) has been or is in the process of being adopted in 30 jurisdictions, with more likely to follow in the next few years.



Figure 1

Overview of key sustainability regulations

Jurisdiction	Key regulations	Notes	Current state
Australia	Australia Accounting Standards Board (AASB) Australian Sustainability Reporting Standards (ASRS)	Introduces sustainability (voluntary) and climate-related (mandatory) disclosure requirements; aligned with the ISSB, with minimal variations.	Active as of January 2025. with a three-phase implementation approach. Expected to be fully in force from July 2027.
Brazil	CVM Resolutions 193, 217, 218 and 219	Establishes sustainability and climate-related disclosures fully aligned with the ISSB, and the Brazilian Sustainable Taxonomy, to promote sustainable finance.	Active as of January 2024 on a voluntary basis, with mandatory reporting beginning in January 2026 for listed firms.
Canada	Canadian Sustainability Disclosure Standards (CSDS)	Institutes voluntary sustainability and climate-related disclosure requirements, aligned with the ISSB. Canada enforces environmental law under the Canadian Environmental Protection Act (CEPA).	Effective for reporting periods beginning January 2025. Mandatory disclosure developments were paused on April 2025. Firms are still encouraged to disclose voluntarily.
EU	Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDD)	Along with the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR), sets out reporting obligations for firms, to elevate the availability and quality of sustainability data, in order to encourage more sustainable business across social and environmental metrics. The CSRD broadly aligns with the ISSB.	Active under amended thresholds and multiple deadline changes. Firms reporting under the CSRD must continue to do so. Firms will report under the CSDDD starting in 2029, with a phased implementation approach.
Hong Kong	Hong Kong Financial Reporting Standards (HKFRS) Sustainability Disclosure Standards (SDS)	Focuses on sustainability and climate-related disclosures; fully aligned with the ISSB.	Active as of August 2025, with a phased implementation approach. Expected to be fully adopted by 2028.
India	Business Responsibility and Sustainability Report (BRSR)	Defines mandatory sustainability reporting requirements. Developed to align with the GRI, ISSB and TCFD.	Active as of FY 2023; applies to the top 1,000 listed entities in India. Other firms can report on a voluntary basis.
Japan	Sustainability Standards Board of Japan (SSB) Sustainability Disclosure Standards	Mandates sustainability and climate-related disclosure requirements; fully aligned with the ISSB, with minimal variation.	Active on a voluntary basis from FY 2026. Expected to be mandatory for large firms listed on the Tokyo Stock Exchange from FY 2027, with a phased implementation approach culminating in 2029.
South Korea	Korea Accounting Standards Board (KASB) Sustainability Reporting Standards	Outlines climate-related disclosures; broadly aligned with the ISSB. Non-climate sustainability reporting will remain voluntary until further notice.	Draft roadmap currently in consultation. If approved, large listed firms on the KOSPI Index will begin reporting in 2028 with 2027 data.
Singapore	Singapore Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) SGX Listing Rules	Requires climate-related disclosures based on IFRS S2 for in-scope firms. Sustainability disclosures under IFRS S1 are encouraged.	Active as of FY 2025 for all listed firms, and FY 2027 for large non-listed firms.
UK	UK Sustainability Reporting Standards (UK SRS)	Calls for sustainability and climate-related disclosures; broadly aligned with the ISSB; builds on the TCFD.	Active on a voluntary basis from February 2026. A public consultation expected in 2026 will determine its adoption as a mandatory standard.
US (California)	California Climate Disclosure Laws SB 253 and SB 261	Dictates sustainability reporting requirements on GHG emissions reporting (SB 253) and climate-related financial risk (SB 261). Similar proposals have been introduced in Colorado, Illinois, New Jersey and New York, with New York recently passing a series of environmental legislative initiatives.	Adopted by the California Air Resources Board (CARB) in February 2026. Firms are expected to report under SB 253 by August 10, 2026. Enforcement of SB 261 is paused following a Ninth Circuit injunction, leaving climate-risk reporting voluntary until litigation concludes.
US (Federal)	Uyghur Forced Labor Prevention Act (UFLPA)	Enforces ESG principles, despite not being explicitly described as an ESG regulation, by preventing the import of goods made through forced labour from the Uyghur region.	Active as of 2022. Enforced by US Customs and Border Protection.

Source: Verdantix analysis



- **Increase in publicly available reporting data is improving both data availability and quality.**

The influence of the CSRD and the ISSB extends beyond the jurisdictions where these are required, with both essentially educating reporters and stakeholders on what can and should be reported. The more sustainability data in the public domain, the higher the expectations that others will publish similar data. Likewise, the organizations behind voluntary sustainability frameworks and standards continue to introduce updates, such as the [GRI's 2025 addition](#) of climate change and energy standards, as well as [potential updates](#) on pollution impacts. Data quality is also improving: CDP's A scores – a measure of the quality of disclosures – have risen significantly for data related to climate, water security and forests.

- **Assurance and risk avoidance are also driving up the quality of sustainability information.**

Firms are looking for mechanisms to defend the content in their sustainability reports, as well as to raise this to a level of quality on which they can stake their business. Large numbers of firms have obtained some degree of external assurance over their sustainability data, with 73% of S&P firms in 2024 reporting assured disclosures, according to the [Center for Audit Quality \(CAQ\)](#), signalling increased rigour and credibility. The Verdantix 2025 global corporate survey likewise shows that 70% of sustainability leaders are obtaining external assurance of sustainability data; see [Verdantix Global Corporate Survey 2025: ESG & Sustainability Budgets, Priorities And Tech Preferences](#) and [Verdantix Strategic Focus: The State Of Sustainability Assurance Services](#)). Essentially, assurance is becoming a global expectation, even in regions with limited regulation, and across firms of varying sizes, resulting in significantly higher data quality and credibility.

Sustainability investment is connected to measurable business value

There is a growing sentiment that it is time for sustainability to create business value and opportunity (see [Verdantix From Obligation to Opportunity: Turning Sustainability into Business Value](#)). Research from our 2025 global corporate survey shows that more than 80% of sustainability executives expect sustainability investments to yield measurable financial returns. Expectations from external stakeholders – investors and customers – are also bringing sustainability and business value more closely together. In 2025, [CDP](#) calculated that 640 investors with \$127 trillion in assets “called on companies” to disclose through CDP. [GRI](#) sums up the connection between sustainability reporting and financial performance, noting improved access to capital, operational efficiency gains and enhanced risk management. While not every sustainability initiative requires or produces explicit financial outcomes, many firms do realize measurable gains from their efforts (see **Figure 2**). They can measure the business value of sustainability through tools in the public domain, notably:

- **NYU Stern Center for Sustainable Business Return on Sustainability Investment (ROSI) methodology.**

The New York University (NYU) Stern Center for Sustainable Business (CSB) was founded in 2016, and the [ROSI](#) was published in 2019. This was followed by a series of industry-specific frameworks for sustainable business for particular sectors, with industry input. The [CSB website](#) offers a set of resources and tools, including Excel tools for testing ROSI both generally and for industries such as apparel, automotive and commodity supply chains. For example, the tools provide suggestions on how price transparency and sustainable practices ultimately lead to more stable supply, which in turn reduces price volatility and allows businesses to maintain lower levels of working capital.

- **ROI calculators and materiality reviews from sustainability software vendors.**

Many of the software vendors with functionality to support sustainability objectives provide tools and reports to value sustainability and sustainability data management. For example, Position Green provides both an [ROI calculator](#) and a [benchmark](#) of more than 1,900 sustainability reports, Carbmees offers an ROI tool to estimate financial returns of carbon reduction strategies, and Greenly has a more general [ROI calculator](#) for sustainability investments. Sweep partnered with Verdantix to apply the [Verified Value Delivery methodology](#), to calculate the benefits of its sustainability data management platform; [Achilles](#) and [IntegrityNext](#) have done the same for their supply-chain-focused sustainability software.



Figure 2
Linking sustainability reporting software to business ROI



Source: Verdantix analysis



- **Studies of sustainability value creation from major service providers.**

Many consulting firms provide strong evidence and practical frameworks that help organizations quantify the business value of sustainability. McKinsey's 2024 [article](#) on the sources of value creation is still relevant, while BCG's 2025 [report](#) on sustainability in private markets, in collaboration with the ESG Data Convergence Initiative (EDCI), analyses the connection between business and sustainability for more than 9,000 firms. Multiple organizations offer sustainability value rubrics, including [Deloitte](#), [EY](#), [KPMG](#) and [PwC](#). BSR sets out essential KPIs in its [report](#), while Capgemini's [report](#) shares the results of its 2025 sustainability business value survey of 1,000 participants. These are just a few of the resources available from firms actively consulting on sustainability.

- **Examples from firms in their sustainability and financial reports.**

Although governmental agencies and non-governmental organizations provide information on measuring sustainability factors, such as carbon and GHG emissions, they rarely define the merits of sustainability in business terms. It is therefore more relevant to examine how organizations are talking about their sustainability investments and the payback these bring to their business. Many firms have found themselves obliged to adapt to the impact of climate change, and thus have become more explicit in communicating the business value of sustainability. Consider insurance firm [Swiss Re](#), which has embedded sustainability considerations into its underwriting investments and operations, to increase long-term value creation, or retailer [IKEA](#), whose use of recycling materials ensures access to supply and creates new business opportunities.

Firms need sustainability reporting tools to drive business impact

Whether mandatory or voluntary, and whether conducted for internal or external reasons, sustainability reporting is on its way to becoming a commonplace requirement for businesses. That does not mean that the process is easy. Over the last five years, dedicated sustainability teams have led the work of collecting data, making strenuous efforts to convince business owners to help. This has been followed by various rounds of risk review and compliance testing, with many sustainability professionals considering their role to have been overtaken by an emphasis on rules and regulations, rather than on delivering impact. Alongside this, there has been a growing demand for sustainability reporting software – not simply as a means to reduce time and energy expended on reporting, rather than on actions, but also because the criticality of driving change has risen as an imperative. This transition, and the overall transformation of sustainability data to essential business data, is anchored by:

- **CSOs demanding the insights they need to inspire and lead – not just comply.**

Although the role of the chief sustainability officer (CSO) is far from a one-size-fits-all endeavour, Verdantix finds that CSOs are, in general, increasingly partnering with CFOs, CEOs and the board (see [Verdantix Beyond The Bottom Line: The CFO's Role In Sustainability](#), [Verdantix Strategic Focus: The Evolving Role Of The Board In An ESG & Sustainability Landscape](#) and the Verdantix podcast [The Modern Sustainability Leader - A New Path to the CEO?](#)). Our research indicates that the CSO is best viewed as a strategic contributor to business success. Compliance and disclosures are only a starting point: given the CSO's access to firm-wide data and transformation initiatives, they are in a unique position to inspire and lead change.

- **Sustainability reporting software connecting sustainability data management and business value.**

Later in 2026, Verdantix will update its market size and forecast for sustainability reporting software. Many of the same growth drivers laid out in our previous report remain relevant – namely, voluntary and mandatory disclosure requirements, risk mitigation, support for audit and assurance requirements, and the need for sustainability data to meet the same standards as financial data (see [Verdantix Market Size And Forecast: ESG Reporting Software 2023-2029 \(Global\)](#)). However, the software category has evolved, with significant innovation around 'thinking bigger' in terms of supporting sustainability programme management and benchmarking, and handling the increasing shift towards integrated reporting (see [Verdantix Green Quadrant: ESG & Sustainability Reporting Software \(2025\)](#) and [Verdantix Buyer's Guide: Sustainability Reporting And Data Management Solutions \(2025\)](#)). In terms of business value, functionality clearly supports basic objectives, such as revenue growth, cost savings and risk avoidance (see **Figure 3**).



- **Emphasis on attainable sustainability data and analysis efficiencies.**

Achievement of many of the business objectives outlined in **Figure 3** requires the expansion of access to sustainability data beyond dedicated teams, into functions such as procurement, product management and manufacturing. Sustainability teams continue to prioritize efficiency and effectiveness in data collection and analysis, with many features built into sustainability reporting software – such as data acquisition, data quality enhancement, and workflows and auditability – reducing the time and cost of compliance. However, while this remains valuable, many firms now view it as just one factor driving the vital connection between sustainability reporting and business value.



Figure 3

Connecting sustainability reporting software capabilities to business value

Category	Sub-category	Functionality definition	Revenue growth	Cost savings	Business risk & resiliency	Strategic planning	Overview
Reporting and disclosures	Non-regulated reporting	Simplifies and manages the processes for voluntary frameworks such as the CDP, GRI, ISSB, SASB and nature and biodiversity. Functionality to create reports and develop a qualitative narrative.	Low	High	Medium	Medium	Emphasis is on cost savings driven by reduced manual reporting effort and faster report production.
	Regulated and mandated frameworks	Functionality to simplify and manage the process for reporting to regulated frameworks.	Low	High	High	Medium	Delivers significant cost savings and risk reduction by reducing manual reporting effort, standardizing compliance workflows and lowering the risk of regulatory penalties.
	Materiality assessments	Support the identification of material sustainability/ESG issues and assess the materiality of IROs.	Medium	Low	High	High	Creates strategic alignment by prioritizing the most financially and operationally material sustainability issues.
	Workflows and auditability	Enable configuration of data collection workflows and ensure auditability of records, such as via timestamping and tracking historical inputs.	Low	Medium	High	Medium	Support business resilience and compliance assurance by improving traceability and audit readiness, reducing reliance on manual checks and external assurance over time.
	Engagement tools	Provide stakeholders with access to metrics in real time, supporting different user groups and engaging non-core users of the software.	Medium	Medium	Medium	High	Drive strategic alignment by increasing stakeholder transparency, improving internal accountability and enabling broader engagement with sustainability data.
Data management and analysis	Data acquisition	Facilitates data acquisition and integration from a range of sources across an organization.	Low	High	Medium	Medium	Generates high cost savings through automation and systems integration, significantly reducing the time spent on data collection.
	Organizational structure	Manages data for different sites, regulations and business units and handles business changes such as investments and acquisitions.	Low	Medium	Medium	High	Strengthens strategic planning and risk management by enabling consistent reporting across geographies, assets and business units, and supporting corporate actions such as acquisitions or divestments.
	Performance management	Evaluates how an organization is performing over time against internal metrics (i.e. internal benchmarking).	High	Medium	High	High	Enables revenue growth and strategic value creation by tracking progress against targets, identifying under-performing assets and activities, and informing capital allocation and operational optimization.
	Industry benchmarking	Assesses how an organization is performing against its competitors or industry averages.	Medium	Medium	Medium	High	Supports strategic positioning and growth by enabling evaluation of performance against peers, thereby helping firms justify investments, improve competitiveness and communicate value to investors.
	Data quality enhancement	Identifies missing and erroneous data; uses AI, machine learning (ML) and other estimation and validation tools to fill in data gaps and ensure high-quality data.	Low	Medium	High	Medium	Reduces business risk and compliance exposure by improving data accuracy and completeness, enhancing confidence in disclosures and enabling more reliable strategic and financial decision-making.

Source: Verdantix analysis



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