How can CFOs turn sustainability assurance into a lever for business performance?

The better the question. The better the answer. The better the world works.

Organizations have a strategic opportunity to think differently about sustainability: to lead with business logic, not reporting or compliance.

The regulatory push on sustainability has slowed globally. While the direction of travel is unchanged, the European Union (EU) has delayed reporting timelines for many companies and is finalizing proposals to simplify requirements further, giving organizations breathing room. Similar delays are emerging elsewhere, too, such as California's climate disclosure laws, while debates intensify worldwide. At the same time, many jurisdictions are adopting sustainability reporting standards based on those developed by the International Sustainability Standards Board (ISSB). In Australia, a mandatory climate-related financial disclosure regime applies to financial years starting on or after 1 January 2025 and will even require companies to obtain independent assurance over their climate-related information.

Many organizations are using this pause strategically, not to slow down, but to reflect on how they approach sustainability. The key shift is to think business-first, reporting-second. This inverts how most have worked historically. It places the CFO, with responsibility for risk and performance management, at the center of a broader conversation about sustainability's impact now and over time.

Thinking backward

For too long, the organizational conversation around sustainability has worked backward. Companies started with reporting because they wanted to substantiate the promises made to the market or in the last few years because regulation demanded it. They then improved the processes that underpinned that reporting to build trust. Only later did they ask why they were doing any of it. The answer was usually the same: to comply.

In contrast, most organizations typically start with strategy and goals. Then they transform: they change, they act, they do things they believe will have a tangible impact on their goals. Only afterward do they communicate what they are doing and why it matters. And the more leaders, managers and markets trust that reporting, the more powerful it becomes as a lever for strategic value. You could sum up that approach in four words: think, transform, convince and assure. It's simple, yet powerful. If organizations want their efforts to deliver tangible impact, this is how sustainability should work.

Starting with the business

But what can tangible impact mean? Typically three things: creating value, building resilience and delivering measurable results. Twenty years ago, electric vehicles were a fantasy, renewable energy was "too expensive," and organic food was a niche. Today these are thriving businesses because forward-thinking organizations focused on tangible impact.

The cost of non-sustainability

Resilience goes beyond simply managing challenges—it often includes proactively addressing financial risks. While public debate often focuses on the costs of measurement, it is typically equally important to consider the significant financial impacts of not managing sustainability risks effectively. As discussed in the article on the cost of non-sustainability[1], climate and water-related disasters have caused global economic losses of about USD2.5 billion per day over the last 50 years.[2]

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[1] "Are we talking about the costs of non-sustainability?," EY Spain website, ey.com/es_es/ey-insights/hablamos-costes-de-no-sostenibilidad

[2] "State of the Global Climate 2021," World Meteorological Organization, 2022, library.wmo.int/records/item/56300-state-of-the-global-climate-2021.

Global companies face climate-related financial risks that could reach USD1.2 trillion per year until 2050[3], while the latest estimates show that forced labor generates USD236 billion annually in illegal profits (2024 estimate), up from USD150 billion in 2014[4]. These figures underline a simple truth: the cost of non-sustainability often dwarfs the cost of compliance. For CFOs, resilience is not optional; it's key to strategy.

In Spain, for example, the numbers tell the story. Since 2018, companies in Spain's benchmark stock index IBEX 35 have almost halved their emissions, increased the share of women on boards to over 50%, and cut workplace accident rates by more than 70%. At the same time, sustainability is increasingly showing up in both performance and investment decisions: about 21% of revenues already come from sustainable activities and roughly 30% of investment spending is directed to sustainable initiatives. Overall, the IBEX 35 stands 10 percentage points above the European average in sustainable revenues and 14 points ahead in sustainable investment levels according to data published under the EU taxonomy[5].

Sustainability reporting and assurance aren't the end goal. They are tools of transformation. With great and reliable reporting, people inside the business can understand where they are, what impact they're having, and where the strategic opportunities and risks lie.

CFO at the center

Regulation has played a crucial role in forcing sustainability onto the leadership agenda. Whatever business leaders thought personally about the issues involved, regulation meant they could not be ignored.

Whether regulatory pressure eases or intensifies, sustainability is having a tangible business impact, independent of regulation. It's now that this business impact should not be ignored. That's why sustainability should become part of the normal, rational, measurable and controllable way organizations do business. And it's why the conversation should have the CFO at its center.

Sustainability touches everything: opportunity, resilience, innovation, business models, risk and performance management, investor relations, stakeholder engagement. This is the remit of the modern CFO – leading at the intersection of financial and nonfinancial performance, overseeing data, systems and processes that deliver better decisions and results people and markets trust.

Assurance is critical

As the agenda evolves, sustainability assurance is more important than ever. Done well, it is the final step in a sequence that starts with business strategy, not regulation. It is often what makes the impact of transformation credible to boards, investors and markets. Great assurance typically supports the CFO to drive operational improvement and set the strategic agenda.

Generally, this requires an assurance provider that is comfortable operating across boundaries: financial and nonfinancial information; compliance and value creation; current performance and future priorities.

The sustainability conversation is moving from the question of "who cares?" to a more powerful and more difficult one – "how will we run our businesses differently?" Ultimately, what may matter most is how leaders respond, because the future will be radically different from the world we live in today.

We're entering a period where sustainability and business innovation are becoming inseparable, where competitiveness, regulation and trust are part of the same equation. Organizations are most likely to succeed when they think with clear business sense, transform what matters most and then convince people with evidence, supported by assurance, that the impact of those changes is real.

If your sustainability agenda is still being driven by reporting timelines rather than business logic, that is the conversation worth having.

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[3] "For the world's largest companies, climate physical risks have a $1.2 trillion annual price tag by the 2050s," S&P Global, 10 March 2025, spglobal.com/sustainable1/en/insights/special-editorial/ceraweek-physical-risk.

[4] "Profits and poverty: The economics of forced labour," International Labour Organization (ILO), 2024, https://www.ilo.org/publications/major-publications/profits-and-poverty-economics-forced-labour.

[5] "What tangible impacts is sustainability generating?," EY Spain website, https://www.ey.com/es_es/insights/rethinking-sustainability/que-impactos-tangibles-esta-generando-la-sostenibilidad.

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