

Beyond compliance

What distinguishes high-quality sustainability reporting?

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Beyond compliance

What distinguishes high-quality sustainability reporting?

Sustainability reporting is entering a new phase, while many organizations remain focused on meeting disclosure requirements, others are beginning to ask a different question: once compliance is achieved, what distinguishes a high-quality report from one that is solely compliant?

As sustainability statements become more mature, reporting quality increasingly depends on what organizations disclose, and how effectively they help readers understand and use that information. Users of the report still need to understand what matters most, how sustainability issues affect the organization and its environment, and how commitments translate into actions and outcomes.

■ Introduction

To explore the question of what distinguishes a high-quality report, we assessed a selection of CSRD-aligned reports from wave 1 and wave 2 companies from various sectors, and of varying sizes. Rather than assessing technical compliance with ESRS disclosure requirements, our assessment focused on reporting quality. The insights presented in this assessment are grounded in the reporting practices observed across the assessment sample and are enriched with experience gained from working with organizations on sustainability reporting challenges and opportunities.

■ Framework: raising the bar on sustainability reporting

To help structure the assessment, a framework comprising four dimensions of reporting quality was established, drawing on recognized reporting quality principles from established reporting frameworks, market benchmarks and EY's practical experience supporting organizations in sustainability reporting. Together, these four dimensions, Credibility, Connectivity, Conciseness and Clarity, provide a practical lens through which reporting quality can be assessed.

The framework is not intended as a compliance or scoring methodology. Instead, the framework may be used as a structured lens for assessing the selected reports and identifying characteristics commonly associated with more effective reporting practices.

■ The assessment

A high-quality report helps stakeholders better understand an organization's strategy, performance and sustainability priorities. It reduces the risk of misinterpretation, turns a regulatory obligation into an opportunity to provide context to disclosures, and makes the interrelatedness of information more visible. Organizations that want to invest in reporting quality stand to gain a clearer voice, greater credibility and a stronger position with the stakeholders who matter most.

■ Observations

1 Credibility is a foundational characteristic of reporting quality

- The assessment found that stronger reports consistently supported key claims with company-specific data, evidence and references. This represents a fundamental quality threshold.
- Most assessed reports provided methodological information, but the completeness and accessibility of explanations varied. The strongest reports made the basis of preparation, boundaries, assumptions and limitations transparent across material topics.
- Slightly more than half of the reports assessed presented positive and negative developments in a sufficiently balanced manner, while the remaining reports did so only partially. A recurring issue was that a company's setbacks were disclosed but received less prominence than achievements, or were surrounded by promotional narrative. The assessment also suggests that candid discussion of implementation challenges and strategic dilemmas remains relatively rare, even though these insights can significantly enhance the credibility and authenticity of sustainability reporting.
- The assessment found that target reporting was not consistently complete. The strongest reports enabled readers to compare measurable targets with actual results and understand performance gaps, whereas weaker reports omitted or fragmented elements such as baselines, scope, timeframes or explanations.

2 Connectivity is becoming the hallmark of mature sustainability reporting

- Most reports consistently used effective cross-referencing to demonstrate the relationships between related disclosures across the reports, allowing the reader to understand how different pieces of information connect to one another, rather than presenting each topic in isolation.
- The assessment found that companies were generally better at identifying material topics, than explaining their strategic significance. The strongest reports clearly connected material matters to the business model, strategic decision-making and value creation over time.
- Half of the assessed reports made a sufficiently clear connection between sustainability matters and financial performance, while the other half did so only partially. The main gap was not recognition of financial relevance, but consistent explanation, quantification and linkage to financial information.
- Stronger reports moved beyond describing dependencies and implementation constraints in isolation, explaining how these factors influence trade-offs, shape strategic choices, and affect the organization's ability to deliver on its commitments.



EmpCo

Emerging regulatory and stakeholder expectations increasingly reward substantiated and balanced disclosures over the sheer volume of information provided. As frameworks such as the EU's Empowering Consumers for the Green Transition Directive (EmpCo) place greater emphasis on evidence, transparency and accountability, reporting quality is increasingly defined by credibility rather than disclosure volume.

3 Conciseness increasingly determines reporting effectiveness

- Most reports maintained a clear and concise narrative, prioritizing decision-useful information and avoiding unnecessary detail. In contrast, some reports were less effective due to the inclusion of additional content that added volume without enhancing understanding of the company's sustainability performance.
- Generic and promotional language was a recurring weakness across the assessment, particularly in leadership and strategy sections. The strongest reports replaced broad commitments with organization-specific facts, decisions, results and examples.
- Many reports struggled to strike the right balance between completeness and conciseness. Information was frequently repeated across strategic, sustainability and topic-specific sections, while only a few of the stronger reports relied on cross-references, visual summaries and concise recaps to reinforce key messages without recreating entire narratives.
- The majority of the reports effectively consolidated key figures and performance information. The strongest examples used dashboards and summary tables to make priorities, targets and results immediately visible, indicating a practical feature that organizations can readily adopt.

4 Clarity is moving from a supporting feature to a strategic enabler

- Logical report structures were common across the assessment, but practical usability varied. Stronger reports combined clear contents, repeatable topic structures and signposting, while fragmented information in weaker reports made navigation more demanding.
- Cross-references were widely used across the assessed reports, but their usability differed. Stronger reports used precise and functional links, whereas extensive or indirect referencing sometimes shifted the burden of assembling the story to the reader.
- Visual quality depended on the presentation and whether visuals supported interpretation. The assessment found that the stronger reports integrated charts, tables and dashboards into the narrative to explain performance and material topics.
- Digital usability was a consistent weakness across the entire assessment: no report demonstrated responsiveness across devices or screen sizes, and formal accessibility features (tagging, sensible reading order, screen-reader support) were largely absent. Reports remain optimized for print and desktop rather than genuine digital-first accessibility.

■ Conclusion

The observations emerging from our assessment suggest that reporting quality cannot be explained by a single characteristic. Instead, the stronger reports consistently demonstrated a combination of recurring attributes that influenced how effectively sustainability information could be understood, interpreted and used by stakeholders.

■ Four dimensions of reporting quality

Across the reports assessed, the four pre-defined dimensions provided a robust basis for assessing reporting quality. The dimensions may serve as a practical aid for organizations performing self-assessment – before, during and after the reporting cycle – helping to identify both strengths and areas where information does not yet meet user needs.

1. Credibility

Can readers trust the information provided?

Credibility, not volume, determines quality – a report can contain extensive data yet still lack credibility if definitions are unclear or adverse developments are omitted.

2. Connectivity

Can readers follow the link between sustainability issues, management actions and reported outcomes?

Connectivity turns a set of required disclosures into a coherent account of how an organization understands and responds to sustainability matters.

3. Conciseness

Can readers quickly identify what matters most?

A report can be technically complete and still obscure what matters most – focus reflects editorial judgment, not length.

4. Clarity

Can readers easily find, understand and use the information they need?

Clarity is achieved through effective visual presentation, intuitive navigation and accessible design, enabling readers to easily locate, understand and use information throughout the report.



How the four dimensions work together

Reporting quality is multidimensional. While each of the four dimensions contributes to the effectiveness of a sustainability report, no single dimension determines overall quality on its own. A report may contain robust disclosures, but without a coherent narrative it can be difficult for readers to understand. Equally, a well-told story without sufficient evidence and transparency may lack credibility. A report that is concise but omits important context risks oversimplifying complex topics, while even strong content can lose impact if stakeholders struggle to find and interpret the information they need.

High-quality sustainability reporting therefore results from the combined strength of all four dimensions. The most effective reports balance clear communication, robust disclosures, strategic coherence and accessible presentation to create a report that informs, engages and builds confidence among stakeholders.

Call to action – practical quality checklist

For this assessment more than 70 criteria across four dimensions of reporting quality were used to assess the reports. Applying all criteria in practice can be challenging. The key questions below are intended for preparers and readers of the sustainability report to gain and overall awareness of the stakeholders' ability to understand, trust and effectively use the reported sustainability information. The questions are intended to be used as a practical lense to support reflection and discussion of reporting quality.

■ Key questions

Credibility

- ☐ Are key claims supported by specific data, evidence or clear references?
- ☐ Are methodologies, assumptions, reporting boundaries, estimates and uncertainties clearly explained?
- ☐ Would a stakeholder gain a clear understanding of what went well, the obstacles encountered, and the difficult decisions and lessons learned during implementation?
- ☐ Are targets measurable and clearly compared with actual performance, including explanations for gaps?

Connectivity

- ☐ Can each material impact, risk or opportunity be traced to the related management response, target, KPI and outcome, and are references explicit throughout the report?
- ☐ Does the report explain how material sustainability matters influence strategy, the business model and long-term value creation?
- ☐ Are sustainability matters connected to relevant financial implications and financial information?
- ☐ Are material trade-offs and dependencies, and their implications for decision-making, clearly explained?

Moving beyond a compliance-focused perspective, the checklist is built on the premise that regulatory requirements have already been addressed and instead focuses on what differentiates an adequate report from an effective one. As such, it serves as a practical quality lens for organizations seeking to strengthen the clarity, credibility and decision-usefulness of their sustainability reporting. The questions do not generate a score, rating, compliance conclusion or assurance conclusion.

Conciseness

- ☐ Does the report focus on material information and limit peripheral content?
- ☐ Is generic, promotional or boilerplate language replaced with company-specific information?
- ☐ Has editorial judgment been applied to balance completeness with conciseness, avoiding repetition while maintaining reader understanding and context?
- ☐ Are key messages, targets and performance results prominent, with supporting detail provided only where it adds value?

Clarity

- ☐ Can users quickly locate relevant information through clear navigation, signposting and a logical structure?
- ☐ Do hyperlinks and cross-references work and lead directly to the relevant information?
- ☐ Are tables, charts and graphics readable, clearly labelled and used to explain key messages?
- ☐ Does the report provide an accessible digital experience across devices and for users of assistive technologies?

■ Start the conversation



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