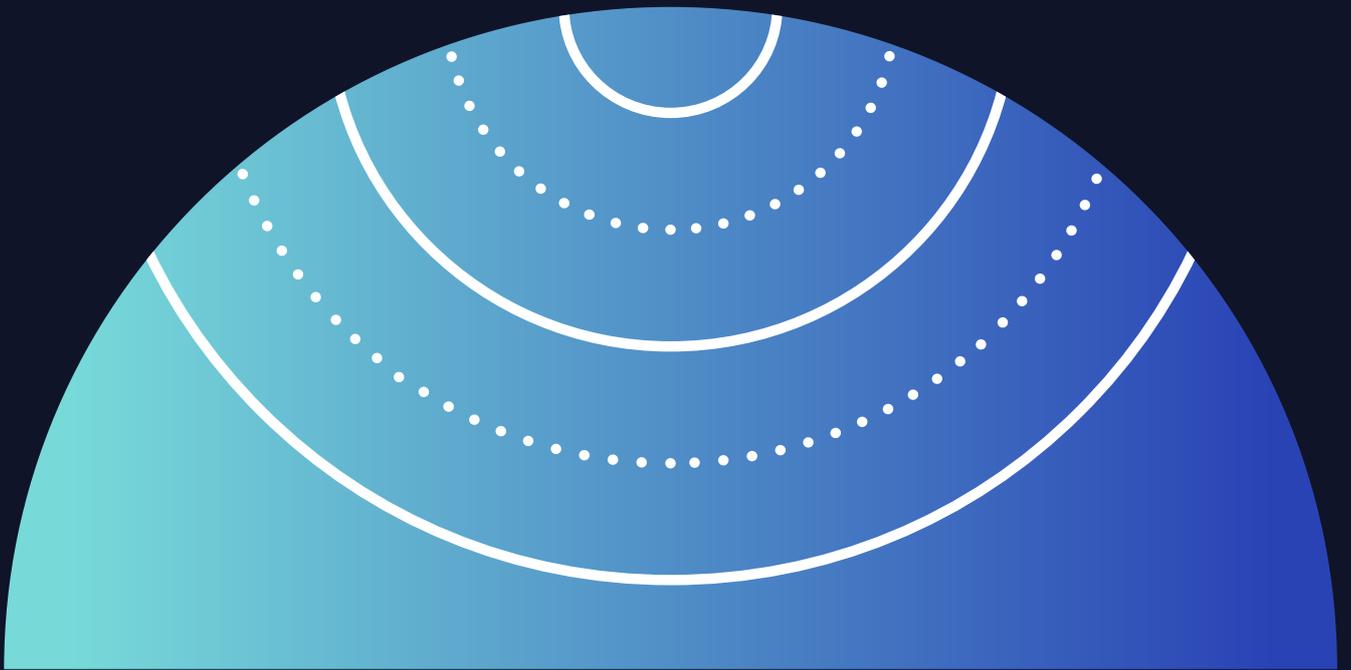


Impact Transparency Review 2025



Introduction

Since the establishment of the Impact Taskforce (ITF) in 2021, under the auspices of the UK G7 Presidency, in our landmark *Time to Deliver* report we called for systemic change in investment decision-making to ensure that impact is taken into account in every business and investment decision as a “third lens” alongside risk and return, to accelerate the volume and effectiveness of private capital seeking to have a positive social and environmental impact.

In a similar vein, in our updated State of Play 2023 report, we advocated for a **shift towards full impact transparency** (underpinned by complete, comparable, and reliable information) through mandatory accounting for impact in both the private and public sectors, to allow for meaningful comparison by company decisionmakers, investors, consumers, policymakers, and wider stakeholders.

In 2025, with GSG Impact’s focus on building impact economies across the globe, this agenda remains more relevant and urgent than ever, with full impact transparency as a critical enabler of system-level transformation that makes possible embedding social and environmental impact at the heart of every policy, investment, business and consumption decision.

While the journey is incremental, the direction of travel remains clear: from a global baseline of decision-useful sustainability-related

disclosures, through expanded materiality and public sector leadership, towards a future in which all entities account for, and are accountable for, their impacts.

Policy leadership remains critical, even as signals become more mixed. Policymakers play a decisive role in setting direction, ensuring comparability and enabling scale. While some recent developments raise concerns about regulatory retrenchment or fragmentation, other signals, from sub-national regulation, international cooperation and public sector standard-setting, continue to reinforce positive trends. Maintaining policy ambition and coherence across jurisdictions will be essential to sustain progress and to keep the long-term objective of full impact transparency within reach.

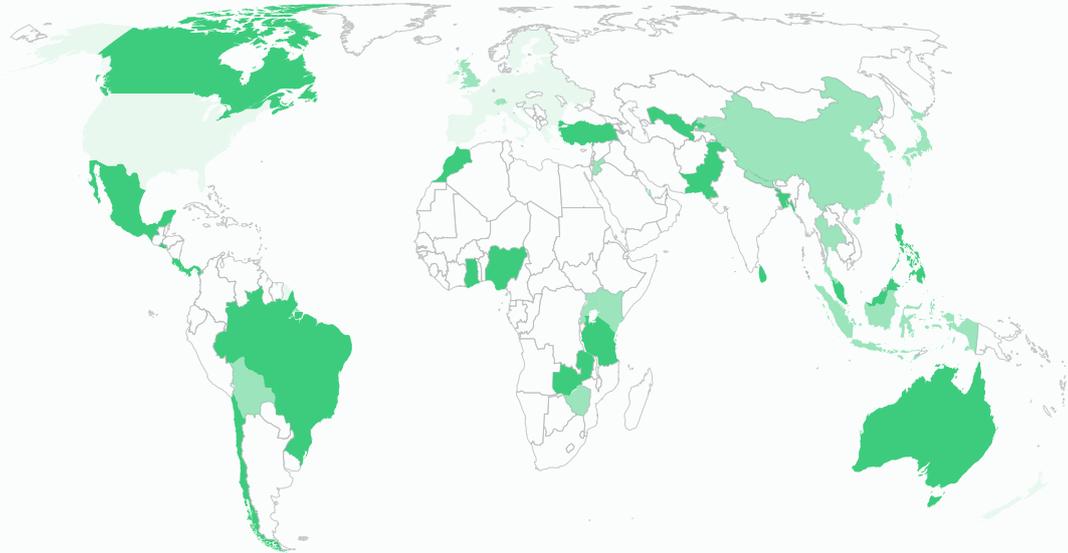
Despite heightened scrutiny and political pushback in some parts of the world, **momentum has not stalled**. While 2025 has seen renewed questioning of sustainability reporting requirements and their perceived burden, the pace of adoption, institutionalisation and market uptake of impact transparency has continued across regulatory, corporate and financial system actors. It is encouraging to see that this is an ongoing trend, which we illustrate with some key milestones from last year that demonstrate how impact transparency is becoming increasingly embedded in regulatory systems, standard-setting processes and real-world practice.

Sustainability-related Financial Disclosures (Global Baseline)

Global Baseline adoption: a snapshot

ISSB jurisdictional adoption: 39 countries across the world have adopted or are taking steps to adopt ISSB Standards into their legal regulatory frameworks, accounting for $\approx 60\%$ of global GDP, $+40\%$ of global market capitalisation and $\approx 60\%$ of global greenhouse gas emissions.¹

Box 1. Global ISSB Baseline Adoption Snapshot



Adopted			Plans to adopt			Local SDS
Australia	El Salvador	Pakistan	Bolivia	Kyrgystan	Singapore	European Union
Bangladesh	Ghana	Sri Lanka	China	Nepal	Taiwan	New Zealand
Brazil	Mexico	Tanzania	Indonesia	Qatar	Thailand	United States
Canada	Morocco	Turkiye	Japan	Rwanda	Uganda	
Chile	Nigeria	The Philippines	Jordan	Switzerland	United Kingdom	
Costa Rica	Panama	Uzbekistan	Kenya	South Korea	Zimbabwe	
Malaysia	Hong Kong	Zambia				

Source: own research, based on IFRS-ISSB, S&P Global Sustainable and Deloitte IAS Plus.

Special highlights from 2025: effective reporting began in several countries on 1 January, including Australia, Costa Rica, Malaysia, Mexico, Pakistan, Rwanda, Singapore, Sri Lanka and Tanzania.



Box 2. China (adoption, with “local specificities”)

China released its first Climate Standard (Corporate Sustainability Disclosure Standard No. 1 – Climate (Trial)), building on the previously published Basic Standard from 2024, which already followed the principle of double materiality.² The Standard is designed to enable companies to disclose climate-related governance, strategy, risk and opportunity management, and metrics and targets in a manner that is closely aligned with IFRS S2 while reflecting Chinese specificities.

Initially voluntary and trial in nature, it signals a phased approach toward broader application and eventual mandatory reporting, and is expected to be followed by implementation guidance and sector-specific modules.³



Box 3. Australia (adoption, with “climate first” approach and legislative approval)

Unlike most jurisdictions where the authority to mandate sustainability reporting lies on the financial regulator, in Australia, this required legislative passing of the Treasury Laws Amendment Bill, amending the Corporations Act

“Climate first” approach: the Standards issued by the Australian Accounting Standards Board (AASB) – an independent entity of the Government responsible for developing auditing and assurance standards- included the mandatory, standalone, climate-only standard AASB S2 (“Climate-related Disclosures”) and the voluntary AASB S1 (“General Requirements for Disclosure of Sustainability-related Financial Information”) largely in line with IFRS S1 and S2 Standards, respectively.

ISSB’s upcoming standards on Nature. The Taskforce on Nature-related Financial Disclosures (TNFD) recently announced that it will complete its current technical work by Q3 2026 and pause further guidance development, reflecting alignment with ISSB’s decision to advance nature-related disclosures. In response to investor demand for information on nature-related risks and opportunities not fully captured in IFRS S1 and S2, the ISSB will undertake standard-setting for incremental nature-related disclosure requirements, drawing on the TNFD framework, including its recommendations and metrics, and potentially through a new standard.

Mixed progress from the **United States.** The US SEC officially voted to end the legal defence of the Climate-Related Disclosure Rule, following legal challenges since it was adopted in early 2024. As a result, companies are no longer required to disclose sustainability-related information under a national-level mandate. However, recent developments from state-level regulators, notably in California and Colorado, signal continued regulatory momentum, with binding climate and sustainability disclosure requirements moving forward at the sub-national level. These initiatives provide strong tailwind amid federal retrenchment, indicating that parts of the US regulatory landscape continue to support enhanced transparency. In a similar direction, sustainability reporting uptake among large US publicly traded companies continues to rise, with record levels of sustainability reporting documented in 2024 for firms in the S&P 500 and Russell 1000 indices, where nearly all large-cap companies now publish sustainability reports and align with recognised frameworks such as SASB and TCFD.⁴

“Build” on the Baseline (Impact on all stakeholders)

Building over the baseline

Progress towards greater interoperability



The GRI's Global Sustainability Standards Board (GSSB) granted equivalence to IFRS S2 for entities preparing GHG emissions disclosures under the newly issued GRI 102: Climate Change and Energy Standard, enabling organisations that report under both GRI 102 and IFRS S2 to use the same Scope 1, Scope 2 and Scope 3 IFRS S2 GHG emissions disclosures to satisfy GRI 102 requirements, allowing preparers to meet investor information needs under IFRS S2 while also addressing broader stakeholder climate disclosure expectations under GRI 102.

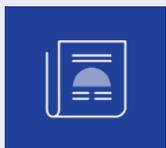
The recent EU Omnibus Package, which includes a proposal to simplify the European Sustainability Reporting Standards (ESRS), provides a pathway to further strengthen alignment with the ISSB Standards and, building on ongoing cooperation between the ISSB and EFRAG to maximise interoperability and reduce reporting duplication. As ESRS requirements are streamlined, efforts have been focused on maintaining and enhancing consistency with the ISSB global baseline, enabling companies to apply ISSB Standards as a foundation and supplement them with additional EU-specific, impact-oriented disclosures where required under Corporate Sustainability Reporting Directive (CSRD).⁵

Global support for a double materiality approach



The Fourth International Conference on Financing for Development (FFD4) endorsed the adoption of sustainability disclosure standards covering impacts, risks and opportunities, explicitly recognising both financial materiality and double materiality approaches as appropriate depending on national circumstances, following GSG Impact's recommendations.⁶ The outcome document encourages the use of internationally recognised standards, including those of the ISSB and GRI, to support cross-border comparability through flexible, country-driven implementation, while calling on financial institutions and credit rating agencies to reflect such disclosures in financing and rating decisions. It also emphasises the importance of independent assurance, capacity-building for developing countries, and measures to mitigate potential adverse impacts on the competitiveness of productive sectors, particularly MSMEs.⁷

Regulatory recognition of impact investing.



In the latest round of amendments, the European Commission proposed reforms to the Sustainable Finance Disclosure Regulation (SFDR) which introduce a revised product categorisation framework, distinguishing between Transition, Sustainability Factors, Sustainable, and Mixed products, each with clearer thresholds, minimum safeguards and disclosure expectations. In particular, the proposal recognises impact investing for the first time as a distinct practice requiring specific and enhanced disclosure, applicable as an add-on to Transition or Sustainable products. Under this approach, only products meeting defined criteria would be permitted to use “impact” terminology, alongside dedicated disclosures on impact objectives, impact pathways, key impact indicators, impact management practices and impact achieved at both investment and investor levels. This marks an important step towards greater clarity, comparability and credibility in the use of impact claims within sustainable finance.⁸

Impact Accounting

Enhanced coordination and harmonisation.



The Capitals Coalition and the International Foundation for Valuing Impacts (IFVI) merged in 2025 to advance greater harmonisation and consolidation of impact accounting and valuation standards across the global impact ecosystem. By combining IFVI's work on a rigorous, public-interest impact accounting framework with the Capitals Coalition's role in aligning best practices and mobilising a global, multi-stakeholder community, the merger will contribute to reducing fragmentation and accelerate the uptake of impact accounting for value creation. The integrated organisation will focus on embedding impact accounting within financial and regulatory frameworks, supporting more coherent, standardised approaches to decision-making by businesses, investors and policymakers.⁹

We welcome the creation of the **Impact Valuation Hub** as a coordinated initiative to lower entry barriers to impact valuation and align efforts across a diverse set of stakeholders working in this space. By addressing persistent gaps in knowledge, skills, data and practical tools, the Hub supports investors in navigating the complexity and inconsistency that have limited adoption of impact valuation at the fund level. Through

practical resources, capacity-building and collective knowledge-sharing, the Hub aims to strengthen the integration of impact measurement and valuation into investment decision-making, while fostering greater coherence and collaboration across the impact ecosystem to help redirect capital towards outcomes that matter for people and the planet.

We view the **OECD-led "ENIVADE" project** as a strategically important contribution to advance greater coherence and harmonisation of value factors used in decision-making across the public and private sectors, particularly through its transparent analytical framing and its explicit treatment of methodological divergence across value factors. We see this direction as one that aligns closely with the need for robust, decision-ready and comparable valuation inputs.

Methodological Development.



Capitals Coalition established a strategic partnership with the Value Balancing Alliance (VBA) to advance common methodologies, calculation models and value factors, and to pilot them in practice with business and investors, under the governance of a newly formed Impact Valuation Standards Board (IVSB). This integrated approach is designed to streamline and converge existing efforts, reduce fragmentation across frameworks, and support broader international adoption of consistent impact accounting practices that can inform financial and regulatory decision-making.

During 2025, the IFVI (now Capitals Coalition), approved the "General Methodology 2: Impact Measurement and Valuation Techniques"- introducing the methods and techniques necessary to develop impact pathways and prepare impact accounts -, and two topic methodologies: one environmental, on Water Consumption and one social, on Adequate Wages.¹⁰

Practice & Piloting.



In the latest round of amendments, the European Commission proposed reforms to the Sustainable Finance Disclosure Regulation (SFDR) which introduce a revised product categorisation framework, distinguishing between Transition, Sustainability Factors, Sustainable, and Mixed products, each with clearer thresholds, minimum safeguards and disclosure expectations.

Impact Transparency in Public Sector Accounting

Inaugural Public Sector Standards Released



Governments play a dual role in advancing sustainability transparency: they can set the rules for private entities to disclose non-financial information, and they can also lead by example through the disclosure of their own sustainability-related performance. Strengthening sustainability disclosure in the public sector is therefore essential to any credible transition towards an impact economy, where public policy, expenditure and investment decisions are informed by their social and environmental consequences, not solely by financial considerations.

- In our 2023 State of Play, we identified public sector accounting and reporting as a critical frontier for impact transparency, reflecting growing recognition that traditional measures of economic performance (most notably GDP) offer only a partial view of societal progress. While GDP remains a valuable indicator, it fails to capture wellbeing, sustainability and long-term resilience. In response, several governments have begun to integrate wellbeing and impact considerations into national accounting and policy frameworks, signalling a shift towards economic models that prioritise outcomes for people and the planet. Recent OECD work reinforces this direction, including updated guidelines on measuring subjective wellbeing and the launch of a new Well-being Data Monitor, which together strengthen the empirical foundations for incorporating well-being metrics into public decision-making and tracking societal progress beyond economic output alone.¹¹

In this context, we welcome the approval and publication of the **IPSASB Sustainability Reporting Standard (SRS) 1. Climate-related Disclosures**, which represents a major step forward in public sector reporting by establishing, for the first time, globally applicable disclosure requirements on climate-related risks and opportunities for public sector entities. This marks a key milestone in our vision of full impact transparency, extending disclosure expectations beyond the private sector and embedding sustainability considerations directly into public sector decision-making, while laying the groundwork for greater consistency, comparability and accountability across countries.

We welcome the IPSASB's 2025 **Work Program Consultation** and commend the progress achieved to date, notably the approval of SRS 1, which represents a significant step forward in strengthening public sector sustainability reporting. Building on this momentum, we encourage the IPSASB to continue advancing its work programme to address a broader range of sustainability-related risks, opportunities and impacts relevant to public sector entities, while maintaining coherence with evolving private sector sustainability standards.

Conclusion

Despite cyclical headwinds and periods of political and regulatory uncertainty, the evidence from 2025 points to a clear and enduring trajectory: impact transparency continues to advance in practice. Progress is being driven not only by regulation, but increasingly by organic demand from market actors, evolving consumer preferences, and a growing recognition of the business case for operating more sustainably and future-proofing organisations. Across jurisdictions and sectors,

transparency on sustainability and impact is becoming embedded in how decisions are made, capital is allocated, and performance is assessed.

GSG Impact remains committed to advancing this agenda. We believe that sustained progress depends on close collaboration between standard-setters, governments and preparers, working in concert to ensure coherence, usability and credibility across reporting systems.

While the path toward full impact transparency is incremental, we are confident in the direction of travel and optimistic about the future we are collectively shaping, one in which all entities, public and private, account for their impacts and contribute to impact economies that deliver better outcomes for people and the planet.

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