



Redesigning Sustainable Business Amid Global Realignment

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Introduction

We had—more or less—a blueprint.

Business leaders—in collaboration with policymakers, advocates, and issue experts—would come to recognize a shared problem such as climate change, poverty, or labor abuses. A respected global institution would gather everyone to design a plan: principles, rules, goals.

Everyone would play a part. Private sector leaders would align with the plan. Nations would support it through policies and incentives. Bold commitments would be made and press releases issued, followed by handshakes in front of august backdrops. Businesses would operationalize the plan through standards, disclosures, supplier engagement, and the creation of new teams. Investors, civil society, and the media would act as watchdogs. Money and metrics would flow.

Stylized as that depiction may be, it sketches 30 years of global cross-sector collaboration, such as the UN Guiding Principles on Business and Human Rights (UNGPs), the Sustainable Development Goals (SDGs), the Paris Agreement, and related regulations like the California Transparency in Supply Chains Act and the EU Green Deal.

That blueprint now feels almost archaic—like the design for a classical building or a wooden schooner: beautiful, important, but not designed for the world we now inhabit.

Today's context of profound global change makes a return to that era of cooperation unlikely. Sustainable business leaders are looking back with a mix of pride at what was built, disappointment in what was not achieved, and concern for the future.

Companies continue to face the strategic risks and imperatives associated with those issues. Extreme weather, economic inequality, the impacts of AI—all represent real and growing challenges that companies now face with diminished global coordination, institutional support, credible information, common frameworks, investor engagement, and shared incentives.

This is not a moment for nostalgia or bitterness. It is a moment to look ahead—not by tweaking metrics or swapping acronyms, but by reimagining and redesigning sustainable business amid global realignment. This paper offers initial thinking toward what that new blueprint might look like.

We look forward to partnering with you to explore these questions, shape new strategies, and create lasting results.

Executive Summary

For more than three decades, the world was shaped by foundational conditions of globalization, belief in the market economy, constructive digitization, and cooperation. That foundation supported development of the modern architecture of sustainable business—voluntary standards, multistakeholder platforms, aligned investor and stakeholder expectations, global norms, and disclosure systems that helped companies manage environmental and social impacts while building legitimacy and reputation benefits.

Those foundations have shifted. Companies now face a strategic context defined by fragmentation, geopolitical tension, contested information, and uneven economic and social conditions. At the same time, climate impacts, inequality, and technological disruption are accelerating. These shifts call for strategies that are sharper, more resilient, and more directly connected to enterprise priorities.

This paper outlines how the global context is changing—and how sustainable business leaders can reimagine their approach to meet this moment.



Part I: Shifting Foundations

Six long-term shifts are resetting the foundations for sustainable business:

Radical technological change. Generative AI, electric and automated mobility, and low-cost solar are among the technologies reshaping industries faster than policy and governance systems can adapt—introducing new risks, opportunities, and uncertainty for individuals and businesses.

Rewiring of global work, labor, and mobility. AI and automation are transforming job structures and productivity. Demographic change, tightening mobility, and job scarcity are straining traditional workforce models. Workplaces are struggling with disruptions from technology and polarization. Companies face new pressures to strengthen resilience, opportunity, and cohesion.

Reordering of markets and financial systems. Rising trade barriers, higher capital costs, and geopolitical changes are disrupting long-standing assumptions of economic openness and integration. Uncertainty and volatility make global business and long-term sustainability investments harder to execute.

Erosion of legitimacy, institutional norms, and reputational alignment. Trust in government, science, academia, media, and civil society is deteriorating. The information ecosystem—strained by mis-

and disinformation, extreme partisanship, and AI-driven distortion—complicates companies' ability to act effectively and credibly, and to build durable partnerships.

Fracturing of global cooperation. The cohesive operating environment that enabled shared frameworks and cross-sector action is giving way to divergent regulatory, political, and stakeholder landscapes. This increases risks, costs, and unpredictability, while weakening collective capacity to address systemic issues such as climate change and public health.

Immediate and growing climate and nature impacts. Climate change and biodiversity loss are no longer “future” issues. Extreme weather, supply chain disruptions, and rising adaptation costs already affect operations, markets, and communities. Meanwhile, global frameworks for climate action are stalled or weakening.

Many of the building blocks of sustainable business—materiality, common frameworks, robust disclosures, operational programs—remain worthwhile in the changing context.

But taken together, the shifting foundation points to a world where past assumptions no longer hold—and where sustainable business strategies designed for an earlier era require a fundamental update.

Part II: Changing Strategies for Sustainable Business

The current context calls for companies to adopt new approaches that enhance the strategic relevance, credibility, and impact of sustainable business.

1. Anchor Sustainability in Enterprise Priorities

Broad sustainability agendas built for an earlier era can feel disconnected from today's executive priorities. Starting from business priorities—not topic lists—anchors sustainability in performance, resilience, and competitiveness. Companies benefit by identifying where sustainability is a critical dependency or enabler of top enterprise goals.

2. Connect Sustainability to Strategic Insight

Sustainable business has often oriented around practitioner interests—frameworks, disclosures, targets—rather than the broader business environment. Amid today's volatility, companies benefit from applying foresight to surface emerging issues, test assumptions, and understand long-term uncertainties. Foresight tools reveal connections across business, sustainability, and society, and highlight evolving risks and opportunities. When sustainability teams use these tools, they design strategies that are more relevant and durable. And when they bring these insights into enterprise strategy

and risk discussions, sustainability becomes a lens for navigating uncertainty rather than a stand-alone (and marginalized) agenda item. This strengthens engagement with boards, risk teams, and strategy leaders while mobilizing more innovative thinking.

3. Prioritize Results over Process

Sustainable business has relied heavily on frameworks, processes, and transparency mechanisms. While essential, they have not consistently delivered real-world improvements for people and the environment, and the imbalance has contributed to rising skepticism and perceptions of weak return on investment (ROI). Companies achieve greater value by concentrating on a small set of transformative opportunities that produce demonstrable results for people and business.

4. Reconfigure for a Regionalized World

International sustainability has tended to be one-size-fits-all, with that size established in the U.S. and EU. The widening of regional divergence requires moving away from that single global approach and toward sustainability strategies, policies, and governance that reflect distinct geographic and jurisdictional dynamics. Companies benefit from strengthening regional capabilities, improving global-regional coordination,

and better tailoring approaches to local dynamics. Attention to East Asia, the Gulf States, and the Global South—vital to technology, labor, trade, growth, and climate adaptation—is especially important.

5. Build for Durability in a Volatile External Environment

Stakeholder engagement has been a mainstay of sustainable business. Initially, many stakeholders had information and perspectives that were unfamiliar to business. In today's world, however, the rationale and approach to stakeholders needs to evolve. Very often, business has been in "reactive" mode to divergent and competing stakeholder interests. Numerous factors have led to a more diverse array of influential individuals, networks, and institutions assuming importance for companies that are navigating a more polarized and fragmented external environment. Institutional stakeholder voices no longer hold the same level of influence they once did. Companies need to hear and understand divergent viewpoints and to consider impacts on affected people and communities—then build credible, durable strategies centered on business value, company values, and impacts. Businesses can also create more benefits by viewing stakeholders not simply as audiences but as implementation partners to support tangible progress.

Part III: Preserving the Bedrock of a Functional Economy

Below these shifting foundations lie deeper threats: weakening democracy and rule of law, declining public investment in education and science, politicized rulemaking, and eroding public support for market economies. These are fundamental to the operating

conditions business depends on. Companies benefit from quietly supporting evidence, transparency, fair rules, and the institutions essential to a thriving market system. The question is not only how companies adapt—but what kind of world they want to do business in.

Part I

Shifting Foundations



The Foundation for Sustainable Business

The modern conception of sustainable business emerged as the Cold War faded and a new era dawned—one defined by an increasingly globalized, integrated, and digitized economy.¹ These developments coincided with a rising belief that the private sector was essential to delivering positive social and environmental outcomes.

For the 30 years that followed, a set of common assumptions and conditions shaped the world:²

- **Integration of markets and financial systems.** Global economic growth raised living standards, while the expansion of open trade and commerce supported the diffusion of market economics and governance practices. The rise of “universal owners” and large institutional investors aligned with broad stakeholder expectations on environmental, social, and governance issues.
- **Rapid advances in technology.** Digital communications enabled free, real-time exchange of information and unprecedented person-to-person global connection.
- **Strong and growing international cooperation and collaboration among governments and involving private sector and civil society partners.** This cooperation included more cohesive markets and shared efforts to address systemic issues on topics like the environment and public health.
- **Growing awareness of climate change.** Climate risks became more visible, though still seen by many as a “future” issue. Global efforts to regulate pollution expanded, including through the Kyoto Protocol.

¹ Milestones included the 1987 Brundtland Commission report, the fall of the Berlin Wall, the launch of the World Wide Web, the establishment of the WTO, and the 1992 Rio Earth Summit. This period also saw heightened attention on business and society, from anti-Apartheid divestment and supply-chain labor scandals to new expectations for community engagement and volunteerism.

² This list is certainly not universally true or accepted, and it obscures innumerable tragedies, inequalities, and hypocrisies, but it remains a reasonable list of prevailing themes.

- **Spreading legitimacy, institutional norms, and reputational awareness.** Empowered non-governmental organizations established and implemented practices for sustainable development. Civil society organizations used media, protest, and rankings to promote rights, good governance, and social and environmental awareness. The geopolitical strength of key global players, including the U.S. and the newly created EU, promoted the spread of liberal democracy, institutions, and governance norms.
- **Labor in a globalized, deindustrialized knowledge economy.** The “knowledge economy” created more pathways to prosperity, and labor mobility increased as people worked across borders—especially within the integrated EU. Growing supply chain integration deepened global labor and market linkages.

The Architecture of Sustainable Business

This context created a highly favorable foundation for sustainable business to gain legitimacy and rise in strategic importance. The “architecture” of sustainable business relied on several pillars, including:

- **Integration of sustainability with markets, financial systems, and investor disclosures.** A new wave of active shareholders increasingly engaged management on governance, risk, and “universal owner” concerns. Transparency—especially material, investor-facing reporting—became a primary mechanism for change, driving major expenditures to support voluntary and mandatory disclosures.
- **Leveraging technological change.** Companies deployed new technology to drive environmental efficiency gains and spur sustainable innovation. New technology also enhanced business ability to manage sustainability data and communicate to the public.

- **International cooperation and collaboration** on sustainable business through the aligned regulatory platforms and platforms for action—e.g., the Paris Agreement/Conference of Parties (COP), SDGs, UNGPs, Organisation of Economic Cooperation and Development (OECD), and UN-backed Principles for Responsible Investment—often including multi-sector partners.
- **Establishment of climate goals**, commonly including a mix of realistic short-term incremental efficiency gains with long-term aspirational targets.
- **Business alignment with prevailing standards for legitimacy, institutional norms, and reputation management.** Companies followed—and shaped—rising expectations to adhere to science-based frameworks and voluntary initiatives, e.g., the UN Intergovernmental Panel on Climate Change (IPCC), World Health Organization (WHO), and Science Based Targets Initiative (SBTi). Stakeholder and advocacy groups served as watchdogs shaping business action, while partnerships with civil society spread common norms on labor practices and business ethics.
- **Addressing a globalized, knowledge-based workforce.** Companies competed for global talent, with community impact and environmental performance influencing attraction and retention, and cross-border mobility becoming routine. Firms invested in sustainable supply chain best practices and broader communities—both to drive improvement and to manage scrutiny of labor and environmental conditions. Human rights and diversity commitments increasingly guided decisions in Human Resources, supply chains, policy, and beyond.



The Foundation Shifting

Many of these foundational elements of the global order—which individually and collectively underpinned the frameworks, actions, and progress of sustainable business—have shifted dramatically in recent years.

BSR's [Sustainable Futures Lab](#) has highlighted the distinction between abrupt “shocks” and enduring, long-term “transformations.” According to the Lab, “Sud-

den disruptions, like unpredictable tariffs and rapid AI advances, are colliding with longer-term shifts, such as intensifying climate impacts and diversifying societies, evolving faster than conventional strategies can adapt.” Increasing divergence among short-, medium-, and long-term incentives and greater geographic fragmentation compound the complexity, unevenness, and uncertainty facing companies.

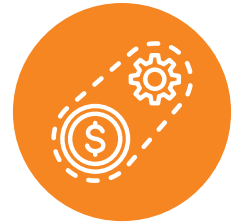
These changes are manifest in six changes that are shifting the foundation for sustainable business:



Radical technological change



Rewiring of global work, labor, and mobility



Reordering of markets and financial systems



Erosion of legitimacy, institutional norms, and reputational alignment



Fracturing of global cooperation



Immediate and growing climate and nature impacts

Radical technological change. Emerging technologies are accelerating uncertainty and upheaval across society. Generative AI could rapidly disrupt labor, media, and other sectors while creating new environmental risks (and opportunities). Electric and autonomous vehicles are transforming mobility and reshaping energy, infrastructure, and automotive industries. Low-cost solar is expanding access to energy outside traditional grids. Other technologies like facial recognition and drones are reshaping everything from identity verification to warfare. Quantum computing, though nascent, carries major implications for security and computational power, while advances in biotechnology may trigger additional far-reaching shifts.

Rewiring of global work, labor, and mobility.

Multiple forces are reshaping labor and workforce dynamics. The acceleration of AI and automation is transforming the future of work, affecting jobs, productivity, and organizational models. Demographic shifts, aging populations, and widening generational divides are intensifying talent shortages and access to employment, while tightening migration policies constrain mobility. At the same time, diversity, equity and inclusion (DEI) efforts face backlash, adding to workplace uncertainty. Persistent economic inequality, weakened safety nets, and evolving employment models further strain social contracts and economic mobility. Together, these pressures call for new approaches to talent, opportunity, and workforce resilience in a contested, fast-changing environment.

Reordering of markets and financial systems.

Markets and financial systems are being reshaped by shifting geopolitical and macroeconomic conditions. Rising trade barriers, industrial policy, reshoring, and changes in cross-border capital flows are overturning long-standing assumptions of openness and integration. The U.S. role in global finance is evolving, with debates over the politicization of the Federal Reserve, the durability of the dollar as the reserve currency, and a retreat from—or attack on—multilateralism. Meanwhile, the growth of private markets and private debt reduces transparency and increases market opacity. Uncertainty, complexity, and higher borrowing costs make long-term investment more challenging, with direct implications for sustainability commitments that rely on patient capital. New forces—from AI-driven investing and the mainstreaming of cryptocurrency to more boisterous retail trading—may further disrupt traditional market dynamics. The challenge ahead is navigating a financial landscape where stability and predictability can no longer be assumed.

Erosion of legitimacy, institutional norms, and reputational alignment.

A decline in trust, legitimacy, and institutions undermines the ability of people, business, and government to make informed decisions, build productive partnerships, and establish credibility. Trust in institutions—including governments transnational bodies, NGOs, and academia—is generally declining. The information ecosystem is in crisis: support for scientific inquiry is eroding, and media trust is collapsing amid partisanship, business model strain, misinformation/disinformation, and AI-driven distortion. Governance norms are weakening as concerns about corruption, growing social division, and political capture intensify. Polarized politics and reactionary movements further erode confidence in democratic processes and fuel extreme views. Traditional watchdogs—civil society, journalists, and public servants—are diminished and increasingly threatened. In this environment, companies may find it harder to act, partner, and communicate on the basis of trust, evidence, and good intentions.

Fracturing of global cooperation.

A cohesive, integrated global operating environment is giving way to growing fragmentation. Companies now face divergent and sometimes incompatible regulatory, political, and stakeholder landscapes across regions. Geopolitical tensions heighten risks of conflict and disruption, while security concerns make the movement of people, capital, technology, and information less predictable. Traditional partners—from investors to NGOs and civil society—are increasingly constrained or reluctant to engage (or directly threatened). For business, this fractured context raises risks, costs, and complexity, and it weakens collective capacity to address systemic threats like climate change, public health, and security.

Immediate and growing climate and nature impacts.

The climate and nature crisis is no longer a future worry—it is an immediate, urgent threat to people and economies around the world. Extreme weather, biodiversity collapse, and escalating adaptation costs are already straining economies, communities and supply chains. Yet responses remain fragmented, political will is currently faltering, and once-ambitious frameworks—from the Paris Agreement to development agency investment in resilience—have been weakened, stalled, or overlooked. The challenge is preparing for uneven and intensifying impacts in a world where—at least in many ways—cooperation is receding, priorities are changing, and public and political will is lacking.

Part II

Changing Strategies for Sustainable Business



Changing Approaches to Sustainability for the New Context

The sustainability strategies that flourished over the past three decades were designed for a world of shared global norms, open markets, and trusted information flows. Many of the crucial building blocks of sustainability management do continue to be relevant. Broad issue coverage, robust disclosures, use of credible frameworks, operational integration and program management—all are integral to managing business risks, opportunities, and impacts.

But the architecture of sustainable business is now stressed in response to the “shifting foundations” described above. We have reached an important moment to respond to those changing conditions, and to adopt the following new approaches to strategic sustainability:



Anchor Sustainability in Enterprise Priorities



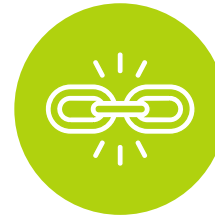
Connect Sustainability to Strategic Insight



Prioritize Results over Process



Reconfigure for a Regionalized World



Build for Durability in a Volatile External Environment



1. Anchor Sustainability in Enterprise Priorities

In an era of globalizing markets, strong stakeholder support, and disclosure-driven frameworks, companies adopted sprawling sustainability agendas. They then used common sustainability frameworks to link individual agenda items to drivers of business value. Today, many of those links to value carry diminished force: investor interest is quieter and inconsistent, disclosure rules are diverging across markets, reputational gains are undermined by polarization, and regulations are fluctuating. Moreover, starting with a set of sustainability topics and bridging them to business value inherently positions sustainability on the periphery of business strategy. It is no surprise that strategies built on umbrella issue categories like ESG or “people and planet” feel disconnected from executive priorities and fail to command attention.

Sustainability teams should restructure sustainability to focus on a select few business-critical efforts that directly enable enterprise priorities. This requires starting with top business goals and designing sustainability approaches that enable those goals—rather than beginning with sustainability topics and linking back. This approach grounds sustainable business in executive objectives, concentrates attention on the issues that

matter most, and strengthens support during periods of transition. It also moves the conversation away from proving isolated ROI and toward demonstrating sustainability’s contribution to overall performance.

To be sure, managing and disclosing material issues remains essential. But while materiality provides a structured approach for broad issue management and reporting, “material” does not necessarily mean “strategic.”

A practical way to set priorities is to identify where sustainability is a critical dependency or enabler of top business objectives. For example, if the CEO’s top focus is expanding business into a new geography, climate resilience planning may be essential for operational success in that region. If the focus is strengthening the supply chain, teams can demonstrate how investments in supply chain worker well-being support existing supply chain business objectives like consistency of availability and quality.

Looked at from the perspective of the CEO or chief strategy officer, this approach also helps shape core business strategy for a changing world. Long-term success, innovation, and resilience require strategies that manage environmental and social risks and opportunities and business models that decouple success from high-impact, high-risk activities that imperil performance.

Actions

- **Identify and focus on where sustainability and business priorities are mutually reinforcing.** Start with the company’s most important enterprise objectives—drawing on CEO priorities, strategic direction, and earnings narratives—and identify where environmental and social factors are decisive dependencies, constraints, or sources of advantage in achieving them.
- **Prioritize and position sustainability to enable strategic enterprise goals.** Articulate sustainability priorities in relation to core business objectives—rather than treating sustainability as a set of separate, issue-based road maps.
- **Distinguish strategic sustainability from issue management.** Maintain rigorous management and disclosure of material issues, but explicitly separate this from a smaller set of sustainability priorities that shape long-term strategy, resilience, and value creation. Embed material-issue management into core functions to free sustainability leadership to focus on what is genuinely strategic.

2. Connect Sustainability to Strategic Insight

Sustainable business has often oriented itself around external frameworks and multiple commitment platforms, rather than the broader business context. Yet today's external context is more volatile and consequential than ever. It can be tempting for companies to respond to the changing context with reactive, short-term decision-making, mistaking shocks for structural shifts, making hasty trade-offs, and prioritizing the loudest voices over the most strategic ones. These decisions have direct implications for the social and environmental risks and opportunities central to sustainable business.

This is a critical moment for sustainable business leaders to step back and assess emerging issues, key uncertainties, and long-term scenarios shaping their company's operating environment. That insight should guide sustainability priorities, strengthen engagement with enterprise risk management, and inform corporate strategy. Sustainability and foresight should be positioned not as distractions but as essential tools for navigating volatility.

Foresight tools illuminate the intersections of context, sustainability, and business. They reveal connections across issues, clarify causal chains, surface trade-offs, and highlight changes over time. In setting business direction, sustainability teams can help executives to ad-

dress pressing questions on topics like AI trust and safety, new labor models, supply chain shifts, political and human rights risks, and business continuity. With strong storytelling and engaged participation, foresight analysis can mobilize deeper engagement and more innovative thinking.

In setting sustainability direction, sustainability teams can embed continuous, strategic foresight to enable sustainability strategies that are relevant in a shifting world and better positioned to secure internal support, deliver impact, and create business value.

For example, many boards and executive teams are urgently focused on adapting to new geopolitical conditions, trade dynamics, and technologies. Rather than trying to add sustainability as “just another item” to their agendas (and budgets), sustainability teams can position sustainability as a lens for boards and executives to navigate uncertainty, build resilience, and find opportunities.

Additionally, enterprise risk management teams—driven in part by new regulatory and disclosure demands—are more engaged with sustainability than ever. Sustainability teams can leverage these stronger relationships and their own process expertise to elevate sustainability's role in identifying and addressing emerging business risks and trends.

Actions

- **Use foresight to distinguish short-term shocks from enduring transformations.** Conduct foresight exercises—e.g., trends assessments or scenario analysis—with senior business, risk, and strategy leaders to assess emerging issues, key uncertainties, and their implications for business priorities and sustainability risks and opportunities.
- **Position sustainability as strategic intelligence for boards and executives.** Elevate sustainability as a lens for navigating volatility and trade-offs, working with the corporate secretary and executive leadership to connect sustainability insights to board agendas, strategy discussions, and risk/opportunity decisions.
- **Integrate sustainability insight into enterprise risk management.** Partner with the risk team to apply sustainability perspectives to the identification, assessment, and management of broader, relevant enterprise risks.
- **Frame sustainability strategy as a business-critical response to a changing context.** Articulate sustainable business as a means to build resilience and seize opportunity amid uncertainty and change—not just a “program” to be squeezed by external pressures.

3. Prioritize Results over Process

Driven by a focus on using third-party frameworks to measure, manage, and disclose incremental progress, sustainable business has often focused on process instead of results. Transparency is important, but the assumption that greater transparency would automatically deliver real-world outcomes has proved questionable. It has also contributed to a costly, confusing, and bureaucratic system that has made insufficient progress on climate and nature, shared prosperity, and protection of human rights and rule of law. The imbalance between process and demonstrable impact has fueled perceptions of weak return on investment and widening credibility gaps, and contributed to backlash (even when such critiques are overstated or opportunistic, or even disingenuous).

Sustainable business leaders should instead design strategies that support enterprise priorities and also create demonstrable results for people and human progress, rather than on improving measures of inputs, checking the boxes on processes, and viewing frameworks themselves as the goal. Those leaders can be more effective in gaining support, driving results, and using internal resources by focusing on a small set of the most transformative opportunities for impact that directly support the business priorities.

This is not a call to dismantle the architecture painstakingly built over 30 years of sustainability practice. Many

frameworks, standards, and processes are indeed essential to building common methods for pursuing, assessing, and legitimizing sustainable business efforts. (And, after all, it took decades to build modern financial standards.) For example, companies should continue to conduct rigorous, best-practice materiality assessments. But the value of these processes lies not chiefly in performing or disclosing them, but in acting on them to deliver meaningful results.

This moment, though, demands tough scrutiny. Which frameworks are necessary? Which collaborations deliver progress rather than perpetual dialogue? Have reporting systems become ends in themselves rather than drivers of comparable results? Which frameworks optimize for efficiency and impact, and actually deliver enduring value? How can these efforts be made more compatible with global businesses that operate in multiple jurisdictions?

Companies should be critical—even ruthless—about which frameworks and global targets they adopt, which parts, and why.

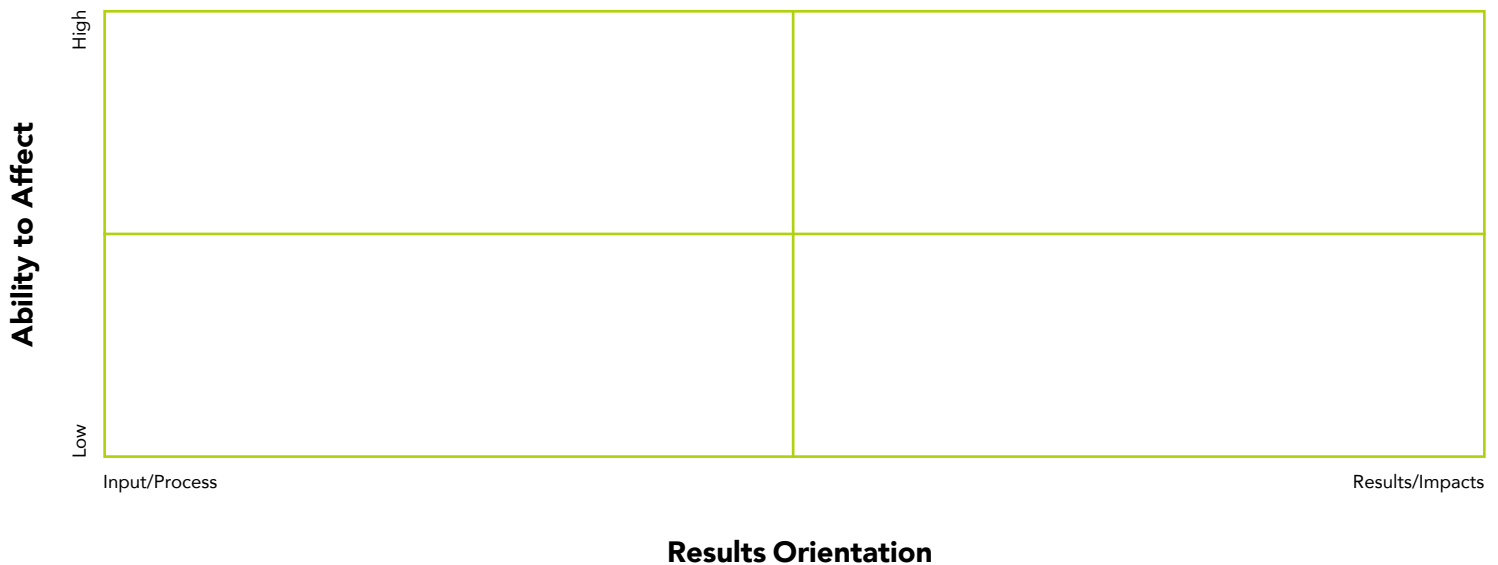
Strategies should focus instead on areas where companies can deliver real results—on their own or via partnerships. Leaders must be able to articulate sustainability objectives in terms of tangible impacts on the business and on human progress.



Actions

- **Define sustainability to deliver outcomes that matter.** Reassess frameworks, commitments, and disclosures through the lens of today's constrained, fragmented environment—prioritizing investment in what demonstrably protects long-term business value and achieves real-world outcomes, and deliberately scaling back what does not.
- **Concentrate resources where the company can actually move the needle.** Focus leadership attention, capital, innovation capacity, and influence on a small number of sustainability priorities where the company has the scale or leverage to materially improve outcomes for people and the environment while advancing core business goals. Companies may do so individually or through collaboration.
- **Treat results—not alignment with frameworks—as the test of success.** Set objectives in terms of tangible outcomes, not conformance with frameworks. Use materiality, diligence, and reporting processes as tools to guide decisions, test whether strategies are working, and communicate progress, trade-offs, and value created with credibility.

Figure 1: Driving Results through Targeted Priorities



4. Reconfigure for a Regionalized World

During the more globalized, cooperative era, companies commonly designed sustainability strategies at the global level without careful regard for regional dynamics, differences, risks, and opportunities.

Today's turn toward regionalization, fragmentation, and polarization is redefining what it means to operate globally—and the shift is especially pronounced on environmental and social issues. Efforts at harmonization are being replaced by diverging regulations, norms, stakeholder interests, public attitudes, and practices in the U.S., Europe, and Asia. In some cases, sustainable business has become the specific locus for geopolitical disputes (e.g., in trade negotiations and International Maritime Organization negotiations).

It is essential now for companies to rethink sustainability strategy, policies, governance, implementation, and stakeholder relations for a more regionalized world.

Companies will benefit from improving coordination and communication among global and regional teams—maintaining cohesive global strategies while building new governance models, enhancing information flows, and tailoring initiatives to distinct geographic dynamics. Strengthening the capacity, capabilities, and coordination of local teams is thus instrumental to navigating

fragmentation. This may take the form of dedicated sustainability teams or part-time allocations embedded in other relevant functions (e.g., risk, operations, government affairs). In either case, global success will depend on empowering local team members with roles, responsibilities, and influence in sustainability governance. It may also benefit from participation in a mix of global and local collaborations to strengthen sustainable business ecosystems at multiple levels.

Resilience also depends on greater attention to sustainability in the Global South—regions that are simultaneously vital to global labor, trade, transport, and resources; engines of innovation and market growth; and highly vulnerable to climate and human rights impacts.

Companies will also need to consider how global standards—such as the UN Guiding Principles—apply across conflicting geographic dynamics. This might entail applying and adapting policies, values, and red lines on topics like human rights, digital rights, and environmental impact. Sustainability teams should have a key role in ensuring that decisions reflect company values, impacts on people and the environment, and organizational integrity, as well as connections with business risks and opportunities. And while some decisions will be reactive by necessity, cross-functional teams can proactively identify emerging clashes, trade-offs, risks, and red lines.

Actions

- **Reassess sustainable business approaches across regions.** Review how strategies, policies, governance, resourcing, and capabilities operate across geographies. Identify where global consistency adds value and where regional differentiation is essential.
- **Strengthen regionally relevant sustainability capacity.** To meet a more diverse set of requirements, priorities, and conditions, companies should invest in regional sustainability capacity. Teams operating in different regions will need different skills, networks, and perspectives, while maintaining a globally coherent approach, with effective communication and coordination.
- **Anticipate and manage global-regional tensions.** Involve a more diverse array of skill sets, including political risk analysis, to understand the intersection of a changing environment for sustainability and business risks and opportunities on a regional and global level. Use foresight and scenario planning to surface emerging tensions, clarify values and red lines, and prepare leaders to navigate conflicts before they force reactive choices.

5. Build for Durability in a Volatile External Environment

“Stakeholder engagement” has long been a bedrock principle of sustainable business. As companies sought to understand stakeholder expectations, they drew on a sprawling set of perspectives from large institutions (e.g., international NGOs), socially responsible investors (SRIs), academics, and other credible advocates. The UN Guiding Principles on Business and Human Rights and the OECD Responsible Business Conduct Guidelines—recent regulations on diligence and disclosure—have sought to bring more rigor and a focus on “affected stakeholders” (or “rightsholders”). It remains essential for companies to understand diverse viewpoints and to respect human rights, engage rightsholders, and build mutual trust.

Today, a generic notion of “stakeholder expectations” provides insufficient strategic clarity and risks trapping companies in perpetual reactivity to a volatile external environment. Major frameworks and regulations on stakeholder engagement are on uncertain footing, while the credibility of institutional voices—including NGOs and SRIs—has eroded through both organic decline and concerted attacks. Fast-moving and coordinated partisan voices in a fragmented information environment now wield disproportionate influence, often irrespective of credibility and accuracy. Geopolitics and climate urgency are amplifying conflicts among stakeholders, while AI turbocharges misinformation and distortion. An AI-generated image or bot-amplified social media quip may be more influential than the evidence-based judgment of a civil society group or the real-life experience of an actual affected stakeholder. In many cases, the voices most shaping a company’s sustainability risks and opportunities may not even fit a formal definition of “stakeholder.”

Companies will need to move beyond a generic consideration of “stakeholder engagement” and disjointed, volatile expectations, focusing instead on long-term credibility, real world impact, and durable strategic value.

Rather than over-relying on institutions, companies should draw on a wider range of voices to better understand impacts, divergent viewpoints, regional interests, and networks.

When figuring out what to do with those inputs, companies must also be grounded, targeted, and strategic. They cannot satisfy all audiences all of the time or just appease the loudest voice. Using structured frameworks, companies should evaluate real-world impacts, risks, and opportunities.³ This will also be essential as companies navigate more trade-offs among stakeholders.

Sustainability teams will need to work with internal partners to build shared stakeholder strategies and insights. Corporate vacillation will erode trust and credibility. When sustainability teams say one thing and sales, legal, public affairs, or communications teams contravene that, companies alienate all sides and undermine credibility.

Finally, companies benefit by viewing stakeholders as essential collaboration partners, not just audiences for messaging. The question is not generically “What matters to stakeholders?” but “How do we work with them to deliver real-world benefits?”

³ Especially with regards to “affected stakeholders” and rightsholders.

Actions

- **Anchor external engagement in impact and influence.** Map and specify a wide range of external views—rightsholders, influential opinion-shapers, regional players, and emerging or contrarian voices. For rightsholders (“affected stakeholders”), use human rights-based frameworks to understand real-world impacts, set priorities and red lines, and guide decisions where trade-offs are unavoidable.
- **Establish durable company positions.** Align leadership around a small set of clear, values-based stances on priority environmental and social issues that will guide decisions even as external pressures shift. Clarify what the company will prioritize, trade off, and not compromise.
- **Align the enterprise behind a single stakeholder strategy.** Ensure sustainability, legal, communications, public affairs, and commercial teams operate from shared assumptions, narratives, and decision frameworks. Inconsistency across functions erodes trust and credibility.
- **Treat stakeholders as expert partners in delivery, not just audiences.** Focus engagement on working with others to deliver tangible outcomes for people and the environment—shifting the question from “What do stakeholders expect?” to “Who must we work with to make progress, and how?”



Illustrative: Sustainable Business and Enterprise Strategic Priorities

The strategic shifts outlined above are not separate from core business priorities; they are increasingly central to achieving them. In a more fragmented and volatile world, sustainability becomes a practical enabler of financial performance, innovation, resilience, and workforce strength.

1. Financial Performance: Sustaining profitability, capital access, and competitiveness across fractured markets.

Generate revenue growth through customer solutions. Customers and consumers face rising costs, uncertainty, and risk from energy, climate, and social disruptions. Companies will outperform by delivering products and services that help customers reduce risks and costs, improve resilience, and adapt—unlocking new demand, accelerating innovation, and supporting market entry. Sustainability is often embedded in these value propositions, even when it is not positioned or marketed as such.

Protect margins, capital access, and license to operate across divergent markets. Fragmented regulations, disclosure regimes, cultural norms, and political pressures are raising operating costs and complexity. Financial performance increasingly depends on managing this fragmentation efficiently—maintaining market access, reducing compliance friction, protecting capital flows, and avoiding costly disruptions—while operating with integrity and consistency across regions. Strong sustainable business capabilities can lower risk premiums, reduce volatility and its impacts, and support more durable access to capital without sacrificing company values.

Manage cost volatility and capital risk in an uneven energy transition. While some regions slow or reverse climate ambition, others are accelerating decarbonization and electrification—tightening rules, building new infrastructure, and shifting investor and financial expectations.

At the same time, AI-driven energy demand and energy-security concerns are amplifying cost and supply risks. Companies that align innovation, operations, and supply strategies with credible energy- and electrification-aligned pathways will be better positioned to manage cost volatility, secure financing, and compete across markets.

2. Business Transformation and Innovation: Reshaping business models, technology, and partnerships for durable value.

Reinvent business models to reduce exposure and unlock new sources of value. Growth models anchored in carbon-intensive, resource-extractive, or socially harmful activities are increasingly exposed to cost shocks, regional policy divergence (e.g., carbon pricing, materials regulation), and declining social license to operate. Companies that decouple growth from high-risk dependencies—and integrate decarbonization, resource efficiency, and human rights into core value propositions—can strengthen resilience, differentiate offerings, and build durable long-term value.

Embrace digital innovation for competitive advantage—while designing for responsibility. The rise of AI and other technologies presents powerful opportunities for innovation on business and global challenges. Companies that deploy these technologies to improve innovation, resource efficiency, and delivery for stakeholders can gain significant competitive advantage. To sustain that advantage, leaders will need to innovate responsibly, anticipating regulatory expectations, protecting trust, and managing energy, infrastructure, and workforce implications.

Collaborate on sustainability to build partnerships that unlock innovation and scale. Collaboration has long been a feature of sustainable business, and the emergence of global cooperation and regulatory coherence has been instrumental in creating a level playing field for business. Now, amid complexity and change, it may become harder for companies to build the business partnerships and networks that drive success. Shared sustainability norms on climate, labor, technology use, and local impacts enable companies to align incentives, move faster together, and operate across disparate markets—and to reduce costs, barriers, corruption, and scandal. Companies that reinvest in sustainability alignment across value chains and regions will be better positioned to form durable partnerships, accelerate innovation, and scale solutions in ways that global frameworks no longer support.

3. Risk and Resilience: Protecting enterprise value across supply chains, climate, and crises.

Build supply chains for continuity, competitiveness, and resilience. Global trade upheaval, environmental disruption, shifting human rights norms, and changing labor dynamics require new sourcing strategies. Whether through deeper long-term partnerships, diversification, or coalition-building, success will depend on balancing efficiency, resilience, and sustainability—including addressing value chain emissions to protect market access and competitiveness. Companies that invest in supplier capability, workforce stability, and community resilience will be better positioned to manage shocks, control costs, and sustain business continuity.

Treat climate as a core operational and financial risk. As policy support wanes, emissions are rising along with chronic changes to the climate and acute weather events. Intersections with other dynamics, like geopolitical conflict and disinvestment in global health, only enhance risks. Companies will benefit by embedding climate risk directly into strategy, capital planning, and operations—treating investments in resilience (e.g., infrastructure, sourcing, energy systems, logistics, and people) as essential protection of enterprise value, not discretionary sustainability spend.

Strengthen disaster response and crisis management with a people-centered lens. Rising climate-driven disasters, geopolitical shocks, supply disruptions, and misinformation demand faster, more coordinated crisis response. Companies that integrate sustainable business and core values into crisis planning and response will be better positioned to protect lives, assets, and operations—while preserving reputation and license to operate. Embedding environmental considerations and human-impact criteria into foresight-informed crisis scenarios, playbooks, decision rights, and escalation processes enables companies to act decisively under pressure, limit harm, and accelerate recovery.

4. Human Capital and Workforce: Strengthening workforces amid polarization, crises, and disruption to talent models.

Support workforce resilience, cohesion, and productivity in a polarized, crisis-prone world.

Employees are navigating overlapping pressures—from economic insecurity, climate impacts, and geopolitical conflict to social polarization and politicization that increasingly spill into the workplace. These dynamics strain cohesion, productivity, and trust, even as traditional policy tools and legal frameworks prove insufficient. Companies that reinforce fair treatment, inclusion, safety, and support during periods of personal and societal stress will be better positioned to sustain performance, protect reputation, and maintain continuity in divided communities.

Prepare employees for AI-driven disruption of work.

AI and automation create risks of widespread job losses and are rapidly reshaping job roles, skill requirements, and organizational structures—often faster than labor markets and public institutions can adapt. Companies that invest in reskilling, job transition pathways, and responsible deployment of AI will be better positioned to retain talent, preserve trust, and capture productivity gains. In parallel, companies have a stake in supporting credible policy responses to workforce disruption—such as skills systems, transition supports, and labor market infrastructure—that enable adaptation at scale and reduce systemic risk.

Sustain talent and innovation pipelines for long-term competitiveness. With public investment in education, science, and research under strain, companies will need to play a more active role in developing the talent and innovation they depend on. Targeted investments in skills development, training partnerships, and innovation networks—often in collaboration with universities, suppliers, and governments—can help secure critical capabilities while supporting long-term competitiveness and innovation capacity.

These new imperatives point to the growing intersection among a changing context, business priorities, and sustainability.

Part III

Preserving the Bedrock of a Functional Economy



Business Cannot Take a Stable Operating Environment for Granted

For the past few decades, business has been able to take for granted the essential qualities of a relatively stable business operating environment. That assumption is no longer safe. Many of the changes described in Part I shake the foundation on which the advancements of the past 30 years have been built.

But even deeper than those changes to more modern “foundations,” there is cause for concern that the bedrock conditions for open, legitimate, predictable, market-based economies are under strain. These bedrock conditions include:

- **Democracy and rule of law.** Numerous studies—and a scan of headlines—find declining democracy and rule of law, and the rise of illiberalism, in many countries in all regions of the world. It is tempting for business to shy away from this subject as too “political” or too risky. In our view, to ignore this dynamic is risky. Societies that demonstrate a lack of respect for rights and democratic processes have been shown to underperform economically and increase legal and regulatory unpredictability, in addition to the evident costs to society and citizens.
- **Stable rules-based global trade.** The rules-based international order that has held sway over the past 30-plus years is eroding. The public has lost faith in the benefits of global trade in many locations. Armed conflicts have disrupted the trading system and reinforced trading blocs. Consensus views on how to handle global challenges are fraying, as evidenced by increased focus on energy sovereignty rather than global efforts to address climate and energy. And the weakening of global trade accords and rise of tariffs have favored unilateral action and bilateral trade regimes over a common set of rules, raising costs, fragmenting supply chains, and weakening investment certainty.
- **Changing public spending priorities.** The past few years have also seen significant changes to public spending priorities. Worldwide, this shift includes the largest increase in defense spending since the end of the Cold War. In Europe, it also includes greater attention to energy security and consumer cost management. In some regions—notably but not exclusively the U.S.—this has come alongside reduced investment in health, education, science, and global talent, thereby weakening the innovation, workforce, and infrastructure pipelines on which business depends.
- **Regulatory uncertainty and volatility.** The 2020s have seen wild swings in policy and regulatory frameworks relevant to sustainable business, often due to ideological and informational disputes rather than considered, evidence-based decision-making.
- **Public support for a market economy.** Companies can no longer assume broad public support for the market economy. Younger generations in the U.S. and Europe show declining trust in government and the private sector and rising anxiety about the future—creating direct risks for business and fueling populist movements hostile to it. State-aligned or state-owned enterprises are increasingly prominent global players, reshaping competition and policy. A sustainability agenda centered on people’s needs can help bridge this widening disconnect.

... And Business Has a Role to Play

Business success—and sustainable business strategy—now depends on safeguarding the operating environment itself. The era in which sustainable business efforts could be designed with limited engagement in public policy and discourse, and an assumption of inexorable global convergence, is over.

Companies often express reflexive opposition to regulation due to concerns over complexity, costs, and constraints on discretion. Yet in practice, regulatory fragmentation and volatility now impose greater cost, complexity, and risk than clear, consistent rules ever did. Fragmentation also creates an unlevel playing field, often disadvantaging companies that invest for the long term or operate across multiple jurisdictions.

Beyond policy, the erosion of global collaboration and frameworks, and concerns about whether global institutions have the support to create clarity and consistency, weakens the system and leaves companies without the clarity and consistency they need to make commitments and see them through.

Companies benefit from building ambitious, thoughtful, strategic, competitive firm-level efforts on sustainable business, but there are limits to what an individual company can accomplish on its own.

The question for companies, then, is what kind of world do you want to do business in?

Companies' external engagement should become a matter of helping to ensure the bedrock conditions required for predictable investment, fair competition, economic vitality, and human well-being. Companies can engage externally in a way that is principled yet pragmatic—defending evidence, transparency, and fair rules while navigating political volatility. They may also build external coalitions, institutions, and partnerships to support basic operating conditions. Sustainability teams bring vital expertise, relationships, tools, and mindsets to address this intersection of operating context, business strategy, and societal well-being.

Actions

- **Defend the basics:** Support an open trading system, rule of law, science-based decision-making, global cooperation, and reliable data infrastructure through industry associations, communities of interest, and multi-stakeholder platforms. This allows companies to act credibly and collaboratively, and with reduced political risk.
- **Align policy engagement with long-term objectives:** Businesses suffer when there are wild swings in policy that interfere with investments needed for a resilient future. It is therefore unhelpful to focus only on near-term tactical positions that risk undermining the institutions or rules companies need for a functional economy.
- **Increase focus on widespread economic vitality and opportunity:** The turn away from open markets is due in large part to public dissatisfaction with current and future economic opportunities. Put more simply, if the economy does not work for people, it should be no surprise that political figures succeed with simple solutions based on narrow interest and ideology. Companies should focus more on using their actions, capabilities, and influence to support economic opportunities for all and solutions to income inequality.

Closing

This paper opened by noting that the blueprint developed over 30 years of sustainable business is no longer fit for purpose in the modern world. For many people, this moment feels like a tectonic—and to some, catastrophic—change.

But that long-standing blueprint did not simply appear. It was developed by people who saw problems to solve and opportunities to improve the economic and human well-being of the world. And that blueprint was far from perfect.

It falls to us to shore up the bedrock, strengthen the foundations, and design new plans for sustainable business. Those plans can take what we have learned, improve, adapt, and expand it to deliver better results for business and for people.

We hope this paper begins to sketch in some new designs, but there is much work to be done. We look forward to partnering with BSR members in the coming months and years to learn and explore together, and to fulfill the mission we have had since 1992—to work with business to create a just and sustainable world.





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