

58% of global ESG business regulations are voluntary

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Only 42% of global ESG and sustainability policies are mandatory, finds the 2024 Carrots & Sticks report by researchers at King's Business School and The University of Edinburgh Business School.

This is a shift from 2023, where voluntary policies accounted for 55.2% and mandatory ones 44.8%.

Carrots & Sticks is the world's most comprehensive database of ESG and sustainability policies, comprising 2,677 policies from over 130 countries, nearly 80 international and regional organisations, and in 38 languages, and spanning from 1897 to the present day.

The research was led by Dr. Robyn Klingler-Vidra, Vice Dean for Global Engagement at King's Business School, King's College London, and Dr. Adam William Chalmers, University of Edinburgh.

Mandatory policies require businesses to take specific actions, often enforced through laws and regulations, ensuring compliance. On the other hand, voluntary policies offer guidance through frameworks, codes, and recommendations that businesses can opt to follow without legal obligation.

Before 2015, a majority (52%) of ESG policies were mandatory, but post-2015—the same year the UN Sustainable Development Goals were introduced—this trend has reversed.

The prevalence of voluntary policies has been a consistent trend, with voluntary frameworks continuing to dominate the landscape of ESG and sustainability policies year-over-year.

The most targeted industries for sustainability disclosure requirements (reports or statements that businesses provide about their efforts and practices in areas like ESG) are the finance and insurance sectors, as well as manufacturing-related industries.

“The global ESG policy landscape is significantly varied, with a patchwork of approaches that reflect priorities and levels of commitment to sustainability across countries and industries” continues Dr. Chalmers.

“While progress has been made in integrating ESG considerations into business practices, the declining share of mandatory enforcement mechanisms and standardised guidelines continues to challenge global efforts to drive meaningful sustainability outcomes.” says Dr Klingler-Vidra.

Launched in 2006 as a collaborative initiative between the Global Reporting Initiative (GRI), the UN Environment Programme and KPMG International, Carrots & Sticks has since been highlighting sustainability reporting standards trends.

This year's report highlights the persistent global reliance on voluntary ESG frameworks, reflecting a broader trend toward flexibility and self-regulation in sustainability, despite growing calls for stronger mandatory accountability.

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For more information on the Carrots & Sticks database, or to speak with the research team, please contact Alexandre Lopez at BlueSky Education at alex@bluesky-pr.com or call on +44 (0)1582 797959.