



## Sustainability at a crossroads

The Board's pivotal role in  
sustainability leadership

July 2025

# Executive summary



Are high-performing companies truly leading the change in sustainability? Or is your boardroom still grappling with the complexities of Environmental, Social, and Governance (ESG) integration? As ESG topics increasingly dominate corporate strategy and governance, this introductory white paper kicks off our miniseries, "The Role of the Board in Sustainability." It is designed to equip Board members with the essential knowledge, tools, and metrics needed to effectively navigate and champion ESG principles. The role of Boards is increasingly critical in the current sustainability landscape, where companies are subject to rapidly evolving regulatory and market changes, which vary significantly across different regions globally.

This paper addresses the topic of sustainability governance and the role of Board members in integration of sustainability topics into business strategy and operations. We invite Board members and senior executives to embrace this opportunity to lead with foresight and purpose.

This white paper mini-series is part of a collaboration between ESG4Boards and Deloitte aiming to increase sustainability awareness in Swiss Boards and to drive positive change in corporate governance.

## From compliance to competitive advantage

While some companies still treat ESG as solely a compliance obligation, forward-looking Boards recognise that sustainability can be a powerful driver of value. Enhanced resource efficiency and circular economy practices can lead to cost reductions. Revenue growth can be achieved by developing new products and innovating services to meet sustainability demands. Access to capital is increasingly dependent on ESG ratings, with lenders offering favourable terms to businesses with demonstrated, robust sustainable models. Trust and transparency also translate into stronger brand equity and stakeholder loyalty. Board members should integrate sustainable practices as they not only enhance financial performance but also stimulate innovation, attract top-tier talent, and establish resilient supply chains. By integrating ESG principles, Boards can significantly contribute to an organisation's overall success and longevity, transforming sustainability from a compliance task into a strategic advantage.

## Integration of sustainability considerations into business strategy and operations

[Recent insights from Deloitte](#) highlight the crucial role of corporate Boards in steering climate-related strategies and policies. While business leaders widely acknowledge that Board members should proactively oversee and guide management in addressing ESG matters, the question remains whether Board members possess the required knowledge to drive sustainable business transformation effectively.

Among the various aspects of sustainability, climate change stands out as the most prominently addressed topic, requiring focused attention and strategic integration by corporate Boards. Integrating climate considerations into governance frameworks is increasingly seen as vital for ensuring sustainable practices and long-term resilience. The principal role of Board members is to supervise, advise, and support management in shaping the future of companies. To fulfil this role effectively, Board members must be equipped to set and steer the sustainability agenda at the highest level of corporate governance. This involves identifying and prioritising ESG matters most significant to the organisation and its stakeholders and integrating them into strategic planning and decision-making processes. It is essential to establish a robust governance structure that supports the oversight of initiatives taken to address ESG matters and defines clear roles and responsibilities.

Companies must actively manage environmental impacts, including energy consumption, emissions, water usage, biodiversity, and waste management, by setting ambitious targets and diligently monitoring performance. Crafting a comprehensive climate strategy to tackle climate-related risks and opportunities is crucial for long-term resilience. Beyond environmental aspects, companies must ensure fair labour practices and promote safe working conditions as

## The new license to operate

Under Art. 964 of the Swiss Code of Obligations, the supreme management or governing body is accountable for non-financial matters – including environmental matters, CO<sub>2</sub> goals, social matters, employee-related issues, respect for human rights, and combating corruption. This legal framework mandates that Boards take a proactive role in addressing these critical areas. Complementing this, the Swiss Climate and Innovation Act further promotes sustainable innovation and climate protection measures, encouraging companies to adopt eco-friendly practices and technologies. Listed companies are not only required to report on the historical performance in sustainability but are also encouraged to disclose transition plans on how they plan to decarbonise and achieve net-zero by 2050 at the latest.

Swiss companies are expected to adhere to international guidelines such as the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, advocating for responsible business conduct in areas such as human rights, labour standards, and environmental stewardship. In addition, European regulations are evolving with the Omnibus package, aiming to simplify sustainability regulations. In parallel, we are observing [anti-ESG investor movements](#) especially in the US, while [China is making enormous investments in renewable energy and low-carbon technologies](#). These global movements impact Swiss companies by necessitating adaptation to evolving regulatory frameworks and competitive pressures, while also presenting opportunities for innovation and leadership in sustainable practices.

Moreover, to combat greenwashing, the Unfair Competition Act (UCA) stipulates that companies must avoid misleading claims about their environmental practices and products. This ensures that sustainability efforts are represented truthfully and accurately, fostering trust and transparency among stakeholders.



well as diversity, along with fostering a culture of employee engagement and satisfaction. Thorough human rights due diligence within operations and supply chains is necessary, supported by championing ethical sourcing and social compliance with human rights standards. Ensuring these practices not only mitigates reputational risk but also enhances business resilience and fosters innovation.

Achieving ESG objectives requires active stakeholder engagement both within companies and with external communities, regulators, and investors. Engaging in active dialogue enables companies to understand stakeholder concerns and expectations, and integrate their feedback into the company's strategy and decision-making processes.

### **Pivotal role of the Boards**

Board members are in a unique position to ensure that sustainability is embedded in long-term value creation. Setting the tone at the top is critical. Once Boards have understood the criticality and opportunities of ESG matters for business, they can support the management team in driving real integration and actions across the organisation. Integrating ESG into core strategy is no longer optional. It must be part of capital allocation, product development, M&A due diligence and decisions, supply chain management, and innovation planning. ESG-related risks

and opportunities, from climate transition and social unrest to reputational damage and biodiversity loss, should be treated with the same seriousness as traditional financial risks, as they are likely to become financial risks in the mid to long-term as well. Effective oversight includes demanding high-quality, decision-useful, and investor-ready disclosures. Finally, it is imperative that leadership teams have the capabilities to execute. Where these do not exist, the Board must help develop or source them.

Leading ESG initiatives at the highest level of corporate governance empowers the Board to address comprehensive, company-wide aspects effectively. The following guiding questions provide a framework for discussion with the management team:





## Strategic oversight

**Guiding question:** Are our company's vision and goals aligned with our sustainability objectives?

**Setting the vision:** The Board is uniquely placed to oversee the company's vision and goals, ensuring they align with the overall business strategy. The positive impact that the Board aspires to have regarding sustainability should be reflected in the vision and goals.

**Guiding question:** How are we incorporating ESG matters into our long-term strategic planning?

**Long-term planning:** By incorporating sustainability into long-term strategic planning, Board members can ensure that ESG matters are considered in decision-making processes. The sooner sustainability topics are considered, the more likely they will become part of the overall business transformation, leading to new business opportunities, and strengthening the competitiveness of the company.



## Governance and accountability

**Guiding question:** Do we fully understand the latest national, regional, and global ESG regulations that impact our operations?

**Understanding of regulatory requirements:** Ensuring that the Board and the management team stay updated and compliant with evolving ESG regulations at national, regional, and global levels. In addition, identifying regulatory requirements that can be leveraged as business opportunities.

**Guiding question:** Do we have robust policies and frameworks guiding our sustainability practices and reporting?

**Coherent governance:** Approving policies and frameworks that guide sustainability practices and reporting within the organisation, and set the basis for implementation of transformative initiatives across the company.

**Guiding question:** Is there a clear division of responsibilities between the Board, management team, and various corporate functions?

**Assigning responsibilities:** Designating specific Board members (and/or committees) with sustainability competencies to oversee specific sustainability initiatives and reporting helps ensure a clear division of responsibilities, for instance, reporting responsibilities between Finance, Sustainability, and other corporate functions.

**Guiding question:** How can we support management in making sustainability the responsibility of all functions?

**Embedding sustainability in operations:** The Board, with its cross-functional oversight, is in the position to support the management in making sustainability the responsibility of all units including Product Design, Procurement, Legal, Finance, HR, Sales, and Marketing.



## Risk oversight

**Guiding question:** Are we recognising and addressing sustainability-related risks with the same seriousness as traditional financial risks?

**Managing sustainability risks:** Boards need to recognise the increasing importance of addressing sustainability-related risks, like the impacts of climate change, lack of resources or nature loss, and ensuring that appropriate mitigation actions are taken to reduce the risk to a minimum. While executive directors manage these risks, the Board should provide the oversight.



## Organisational capabilities

**Guiding question:** Are we championing company-wide sustainability education and training?

**Informed governance:** Board members should champion sustainability education and training across all levels of the organisation, promoting informed decision-making and fostering a culture of sustainability. By becoming role models for sustainability governance, they can inspire and lead the organisation towards achieving its sustainability goals.



## Stakeholder engagement

**Guiding question:** How can we leverage insights from external networks and lessons learned at other companies?

**Stakeholder insights:** Board members, having high exposure to other organisations, can bring insights from external networks and use lessons learned at other companies to lead with foresight.

**Guiding question:** What steps can we take to enhance transparency?

**Enhancing transparency:** Through working with external stakeholders, Board members play a key role in enhancing transparency, building trust, and positioning the company as a leader in responsible business conduct.

**Guiding question:** How can we create new opportunities for all stakeholders?

**Foster collaboration:** Board members can support new business models through collaborative approaches, creating win-win situations.

## Empowering Boards for sustainable leadership

As we stand at a pivotal moment in the journey towards sustainability, the role of Boards in sustainability leadership cannot be overstated. By embedding sustainability into the core of corporate strategy, Boards can create new avenues for growth, innovation, and resilience. This journey is not merely about complying with regulatory requirements; it's about redefining the way companies operate and succeed in a rapidly changing world. Boards are ideally positioned to set the tone at the top, ensuring that ESG considerations are integral to capital allocation, product development, and risk management.

The time for action is now. We invite Board members and senior executives to embrace this opportunity to lead with foresight and purpose. Equip yourselves with the knowledge and tools necessary to navigate the complexities of ESG integration, and champion sustainable practices that enhance financial performance and build stakeholder trust. Establish dedicated committees, actively engage with stakeholders, and cultivate a culture where sustainability is a shared responsibility across the organisation.



### How to start: Practical steps for Swiss Boards

- **Enhance sustainability knowledge:** Ensure that Board members possess sufficient sustainability knowledge to facilitate the pragmatic and proactive integration of ESG topics into corporate strategy and new business opportunities.
- **Establish oversight committees:** Create a designated committee or sub-committee specifically mandated to oversee sustainability topics, ensuring focused governance and accountability.
- **Understand the materiality of ESG topics:** Request your management team to conduct a materiality analysis to better comprehend the impact of ESG topics.
- **Regular governance meetings:** Schedule regular touchpoints to discuss and approve decisions related to sustainability governance, processes, strategy, and action plans, fostering continuous improvement and alignment.
- **Leverage external insights:** Use insights from other companies to elevate the organisation's maturity in sustainability practices, learning from industry leaders and best practices.
- **Commit to compliance and transparency:** Ensure excellence in compliance, integrated reporting, and transparency, maintaining high standards and building trust with stakeholders.
- **Engage stakeholders:** Actively engage with stakeholders to navigate diverse expectations, strengthen relationships, and maintain focus on sustainability goals.
- **Embed sustainability in culture:** Make sustainability an integral part of organisational culture, ensuring it is the responsibility of all units including Product Design, Procurement, Legal, Finance, HR, Corporate Strategy, Sales, and Marketing.

By implementing these steps, you will not only secure your company's license to operate but also position it as a leader in responsible business conduct. Join us in this transformative journey, and let your Board be the catalyst for a sustainable future.



# Contact information

This white paper was written as part of a collaboration between Deloitte Switzerland and ESG4Boards.

## Deloitte

### Liza Engel

Chief Sustainability Officer, Deloitte AG  
[lengel@deloitte.ch](mailto:lengel@deloitte.ch)

### Roberto Micelli

Partner, Sustainability Services Lead, Sustainability Strategy & Transformation, Deloitte AG  
[rmicelli@deloitte.ch](mailto:rmicelli@deloitte.ch)

### Abetare Zymeri

Director, Reporting & Assurance, Deloitte AG  
[azymeri@deloitte.ch](mailto:azymeri@deloitte.ch)

## ESG4Boards

### Saskia Günther

Head of Sustainability, Swisscom and Co-founder, and President of ESG4Boards  
[saskia.guenther@swisscom.com](mailto:saskia.guenther@swisscom.com)  
[info@esg4boards.org](mailto:info@esg4boards.org)

### Anne Wolf

Director of Public Affairs and Communication and Member of the Board of Directors, ESG4Boards  
[anne.wolf@swisspower.ch](mailto:anne.wolf@swisspower.ch)  
[info@esg4boards.org](mailto:info@esg4boards.org)

ESG4Boards is an initiative founded in 2023 that brings together leadership personalities with expertise in the area of sustainability and positions them for Board mandates in companies. The aim is to promote the integration of ESG criteria into corporate management and to achieve this in 80% of Swiss companies with over 250 employees by 2030.





#### Important notice

This document has been prepared by Deloitte AG for the sole purpose of enabling the parties to whom it is addressed to evaluate the capabilities of Deloitte AG to supply the proposed services.

The information contained in this document has been compiled by Deloitte AG and may include material obtained from various sources which have not been verified or audited. This document also contains material proprietary to Deloitte AG. Except in the general context of evaluating the capabilities of Deloitte AG, no reliance may be placed for any purposes whatsoever on the contents of this document. No representation or warranty, express or implied, is given and no responsibility or liability is or will be accepted by or on behalf of Deloitte AG or by any of its partners, members, employees, agents or any other person as to the accuracy, completeness or correctness of the information contained in this document.

Other than as stated below, this document and its contents are confidential and prepared solely for your information, and may not be reproduced, redistributed or passed on to any other person in whole or in part. No other party is entitled to rely on this document for any purpose whatsoever and we accept no liability to any other party who is shown or obtains access to this document.

This document is not an offer and is not intended to be contractually binding. Should this proposal be acceptable to you, and following the conclusion of our internal acceptance procedures, we would be pleased to discuss terms and conditions with you prior to our appointment.

Deloitte AG is an affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/ch/about](http://www.deloitte.com/ch/about) to learn more about our global network of member firms.

Deloitte AG is an audit firm recognised and supervised by the Federal Audit Oversight Authority (FAOA) and the Swiss Financial Market Supervisory Authority (FINMA).

© 2025 Deloitte AG. All rights reserved.

