

Scaling sustainability: How the mid-market is future-proofing growth

Sustainability report 2025



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Foreword

In 2025, amid the backlash against sustainability and regulatory backtracking in some regions, you could be forgiven for thinking that companies would slow their sustainability journeys, or even abandon them. I don't mind admitting that I too anticipated that many firms might feel a sense of relief and focus their efforts elsewhere.

Yet the truth is very different for mid-market companies. Almost 9 in 10 say they will maintain or increase their investments in sustainability initiatives over the next 12 months.



What's become increasingly clear from Grant Thornton's latest International Business Report (IBR) research is that these businesses view sustainability as a path to growth, not an obstacle – and certainly not a compliance box to be ticked. They value the commercial opportunities sustainability can bring and are putting significant resource behind it.

We see that firms in all regions remain committed to sustainability, largely because of the long-term benefits they perceive it brings to profit, revenue and international expansion. As such, their drive to build sustainability within their businesses is unwavering. It is a drive from which I believe we will all benefit.

Given that these business leaders consider sustainability to be a core component of commercial success, the attitudes of the mid-market to sustainability reporting are positive. They understand that measurement is vital, so that they can track sustainability improvements themselves and demonstrate performance to stakeholders.

Speaking to clients and colleagues around the world, they tell me that for mid-market firms, sustainability is ingrained and part of their fabric. Business leaders and owners consider themselves stewards, responsible for growth but also longevity. This mindset, and the commercial value business leaders attribute to sustainability, is a potent combination.

In our 2024 report, **The journey to a sustainable future**, I said the world needs a sustainable mid-market. A year on, I am encouraged about the prospects of achieving this, as the mid-market has emerged as a driving force for building a sustainable economy.

At a time when many politicians and regulators are grappling with driving economic growth and reaching sustainability targets, the mid-market is reframing the narrative on sustainability at a pivotal moment.

I hope you find this report helpful as you continue on, or even begin, your own sustainability journey.







As 2025 began, there was growing concern that corporate sustainability was under threat. Geopolitical tensions, a difficult financial climate and energy insecurity were leading to a resurgence of economic nationalism, a favouring of fossil fuels and a rollback of green policies and regulations. Only 17.0% of UN Sustainable Development Goal targets were on track to be met.¹

Despite this backdrop, our research shows that almost nine in ten (85.9%) mid-market firms intend to increase or maintain their investment in sustainability this year.

Investment intentions in sustainable initiatives



mid-market firms intend to increase or maintain their investment in sustainability this year.

Why are mid-market firms resisting the pull of changing economic and political currents? Because mid-market firms view sustainability as a path to growth, and a requirement of long-term commercial success, not just a compliance exercise.

We asked firms about the most important factors driving their investment in sustainability. Market competition and brand reputation came out on top, echoing the results of last year's report. However, both factors were picked by a higher percentage of firms (41.6% vs 31.3% and 38.0% vs 31.9% respectively) – suggesting an even greater focus in 2025 on how sustainability can help firms beat competitors and attract customers.

The percentage increase for market competition was particularly large, overtaking brand reputation as the biggest driver this year. This underlines the drive firms feel to create commercial longevity and outlast the competition through sustainability.

Lots of mid-market firms have realised that acting on sustainability creates efficiencies and attracts more customers, and is therefore more profitable in the long run. They don't want to be left behind the rest of the market.

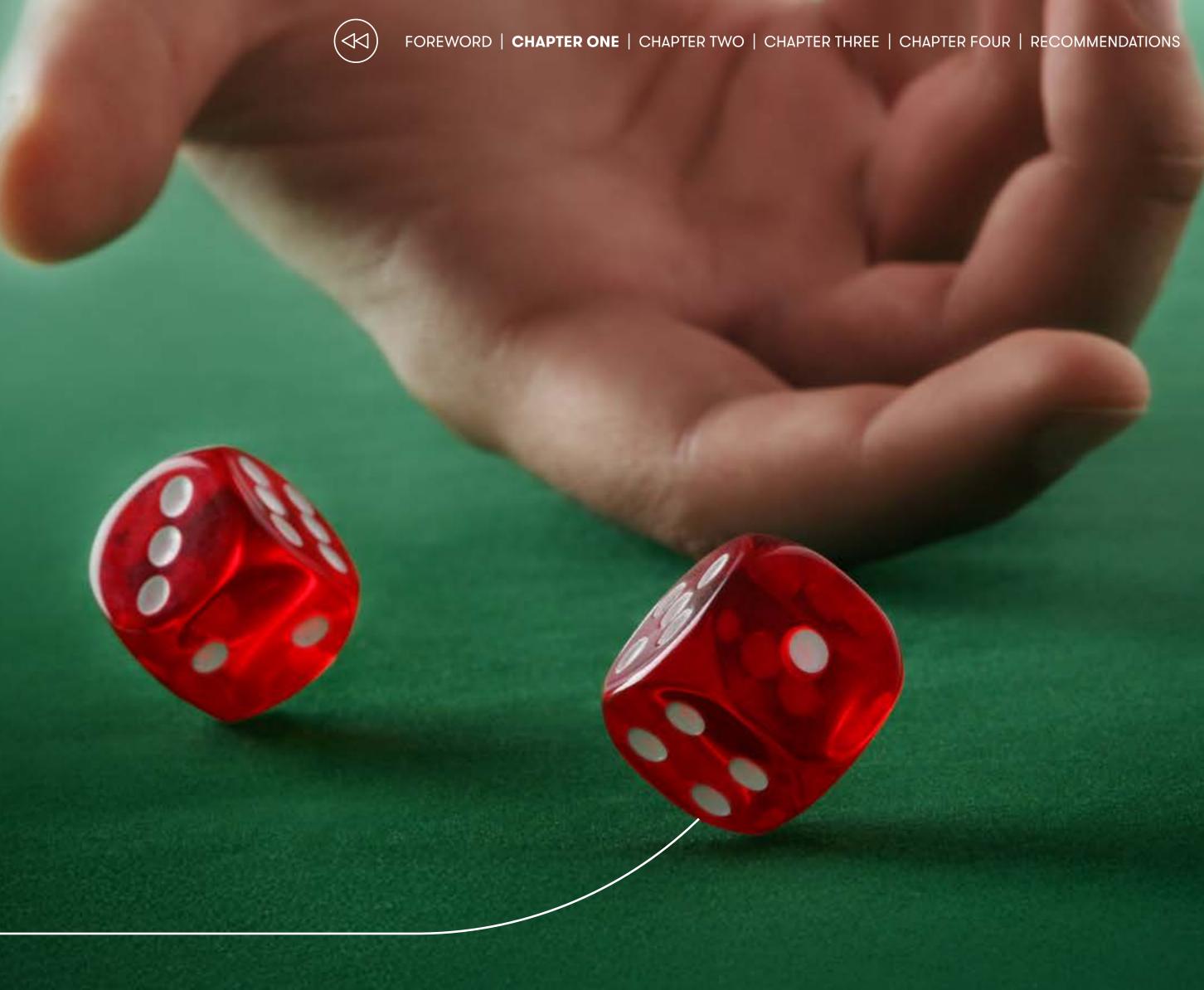
Sarah Carroll

Director, Sustainability reporting, Grant Thornton International



CASE STUDY

A gaming / casino business in the US used sustainability reporting to enhance their brand and attract more customers. They recorded and reported on everything they were doing from anti-human trafficking campaigns, to low wattage lightbulbs, to standards for all their suppliers – down to the restaurant linen. This helped the firm differentiate themselves from the rest of the market and protect their brand in an industry where reputation is particularly important and takes time to build.





One of the reasons behind the high proportion of mid-market businesses investing in sustainability initiatives is that they see a clear link between long-term commerciality and sustainability. More than half agree that it will increase profitability (54.0%) and revenues (51.3%) in the long term. Only 2.0% say they don't believe sustainability helps achieve commercial goals.

Two aspects of sustainability can drive future profitability. You can make your business in many ways more efficient, for example by transitioning to a renewable fuel source. You can also sell more to your customer base. Customers want to buy from companies that make them feel good.

Trent Gazzaway

Global head, Service line capability and quality, Grant Thornton International This year, it has become especially clear that the commercial pull is greater than the regulatory push for the mid-market. Our findings show that commercial drivers are having a bigger influence than regulatory pressures in motivating the sustainability efforts of these businesses.



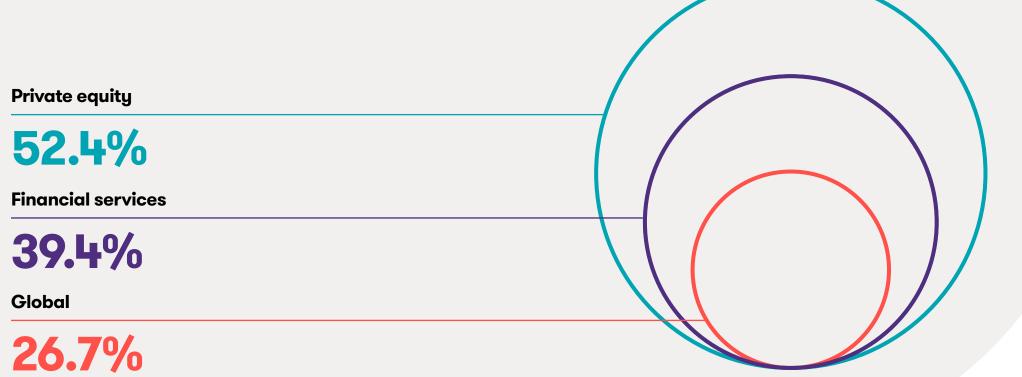




Mid-market industry insights

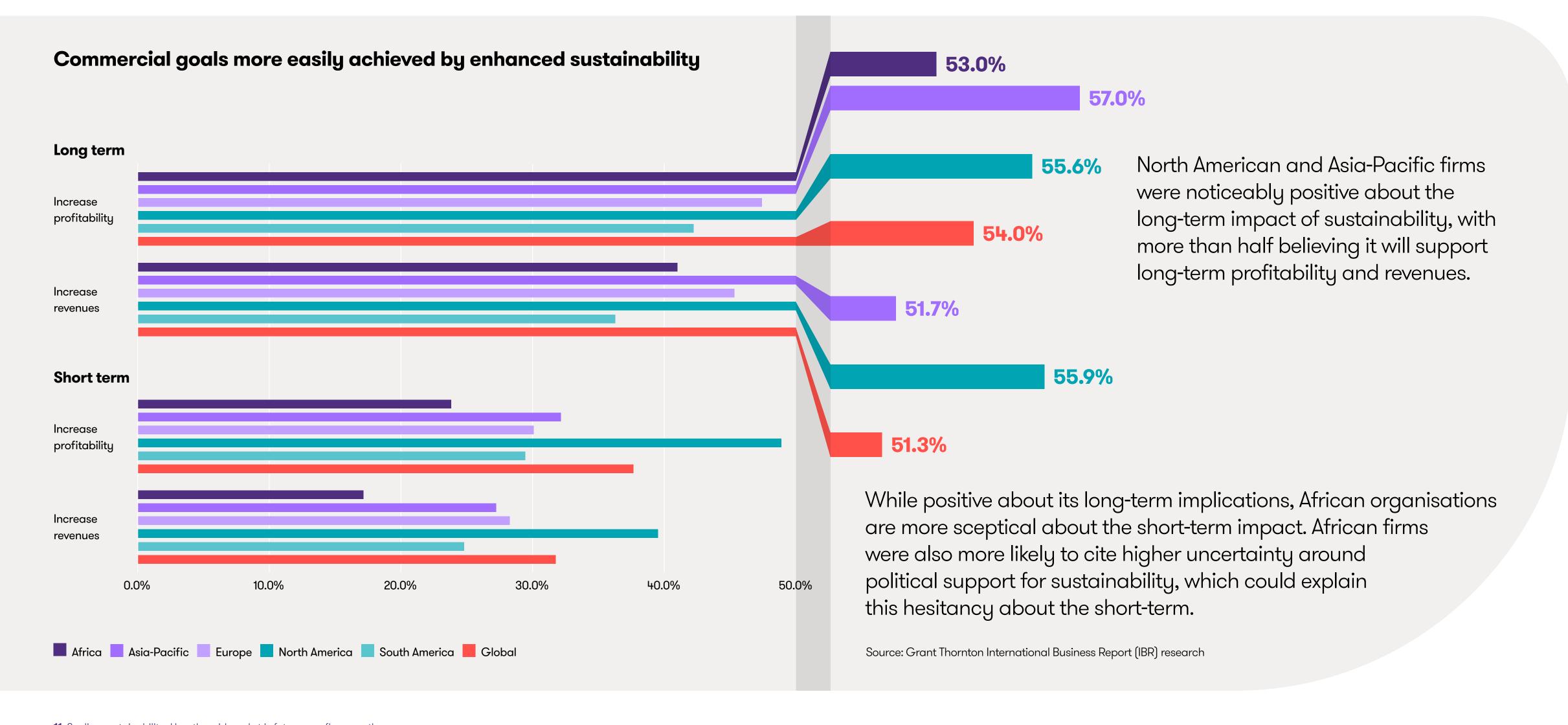
The most important driver of sustainability differs by industry:

- Over half of those in the public sector (51.2%) see stakeholder pressure as a top factor compared to 17.7% globally.
- Businesses in the financial services sector are more likely to see access to finance as a top factor influencing their investment 39.4% compared to 26.7% globally, and private equity, a subgroup of financial services, in particular at 52.4%.



Source: Grant Thornton International Business Report (IBR) research









In what areas are firms investing?

The areas of sustainability in which firms are investing remains diverse, but renewable energy continues to be the top focus (43.5%).

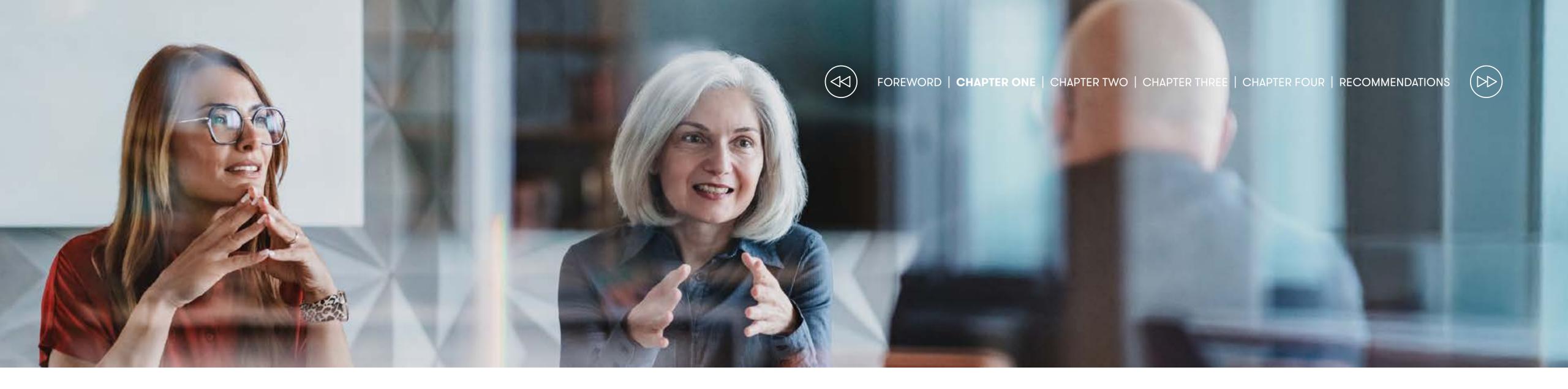
This is likely because renewable energy and addressing carbon emissions is often a straightforward and cost-effective way to improve sustainability for a business. Depending upon the specific country, using greener energy sources can also reap regulatory and tax incentives.











Despite a backlash against diversity, equity and inclusion (DEI) initiatives in the US, which caused some global companies to roll back activity in their international offices,² the proportion of firms investing in diversity and inclusion initiatives this year has increased among firms that are maintaining or increasing their investment in sustainability. This includes firms in the US where the percentage investing has gone from 31.0% to 44.8%.

Our data shows mid-market firms are continuing to invest across the board when it comes to sustainability – from environmental to social initiatives, energy to inclusion – because they see it as essential to their growth and the success of their business.

Being an active and helpful member of the community, adding to your community, however large or small, gives you a competitive advantage that turns into real dollars at the end of the day.

April Little

National principal-in-charge, Tax accounting and financial reporting ESG & sustainability services tax leader, Grant Thornton US



Chapter 2:

Keeping a cool head in a heated world



The regulatory landscape at the start of this year looked unfavourable to the sustainability agenda given amendments to the Corporate Sustainability Reporting Directive (CSRD) and the roll back of the climate disclosure rule from the US Securities and Exchange Commission (SEC).³ In this context, you might think that firms would reduce or stop their sustainability reporting. Our research shows this is not the case for the mid-market.

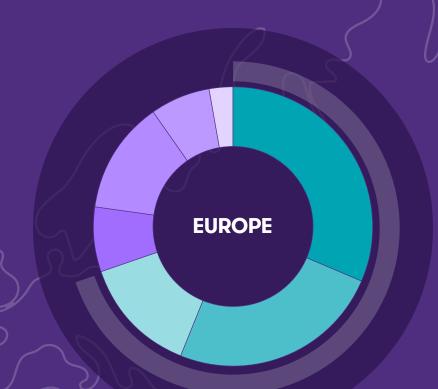
The vast majority of mid-market businesses (72.9%) say that they will continue their sustainability reporting. Of those that are set to continue, nearly half (44.8%) think it makes good business sense, and around a third (35.9%) say it aligns with the purpose of their business – demonstrating how integral sustainability has become to mid-market business practices. Firms are recognising that sustainability reporting has double materiality (impact on both their financial performance and how their operations affect people and the planet) and are therefore remaining committed.

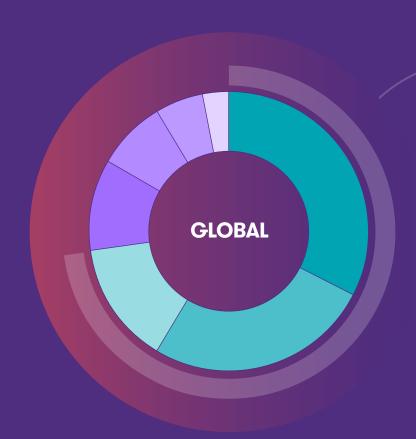
The number of organisations abandoning sustainability reporting altogether is negligible (just 5.5%), and the number taking a 'wait-and-see' stance, and pausing reporting is also relatively small (8.0%).

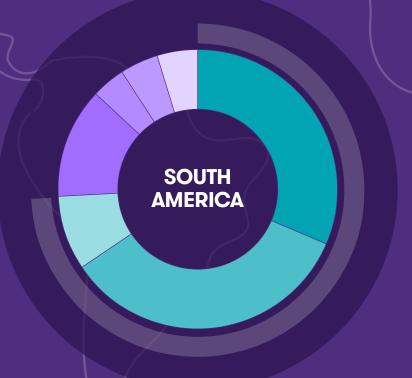


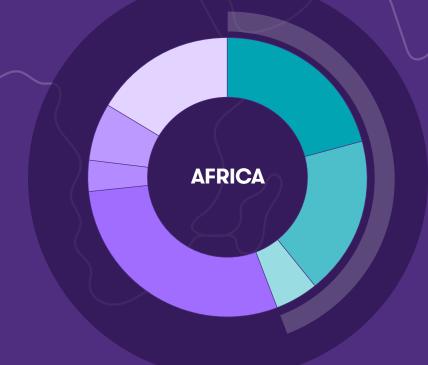


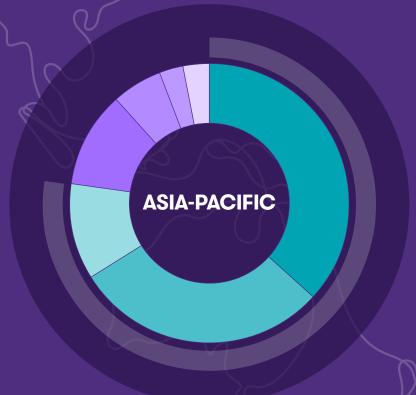










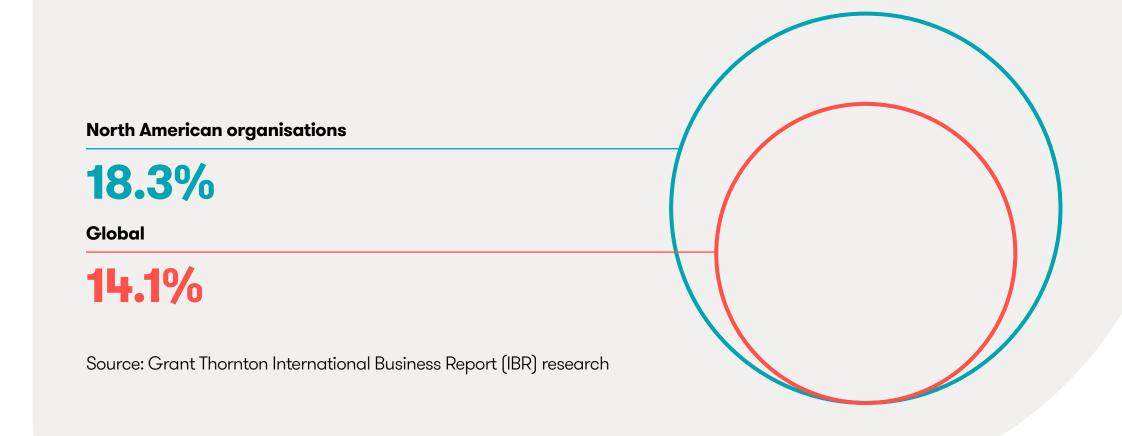


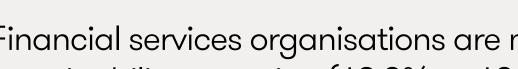
- We will be continuing our sustainability reporting voluntarily because it makes good business sense
- We will be continuing our sustainability reporting voluntarily because it aligns with our purpose as a business
- We will be continuing our sustainability reporting because we had almost completed the process
- These changes don't impact our business
- We will be pausing our sustainability reporting
- We will be stopping all sustainability reporting
- Unsure / Don't know

Mid-market regional insights

European businesses were more likely to say that they would pause sustainability reporting than other regions (12.9% vs 8.0% globally). This is unsurprising given the changes to CSRD.

North American organisations were more likely to suggest that they would continue reporting because they had 'almost completed the process' (18.3% vs 14.1% globally). Sunk costs may be impacting decision making.

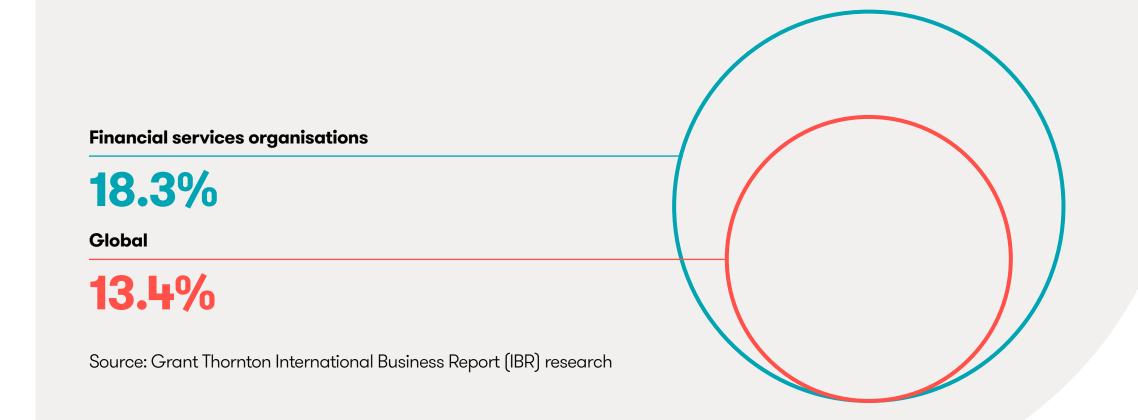




Mid-market industry insights

Financial services organisations are more likely to stop or pause their sustainability reporting (18.3% vs 13.4% globally). It could be they had started the compliance process with a set of rules that were then rolled back eg SEC disclosure rules.

Those in the healthcare and energy sectors were more likely to believe that sustainability reporting aligns with their business purpose, as was the public sector.



There are of course firms which have felt the disruption: 20.3% say they are undecided on their sustainability outlook and will continue to monitor the situation, and 14.8% feel confused and unsure of their next steps. However, a large number (43.6%) say they remain committed to sustainability and around a fifth (21.9%) say the political and regulatory changes have had no impact at all.

Our research therefore shows that the political and regulatory change around sustainability has not been as disruptive to the mid-market sustainability journey as some first thought.

There are a couple of likely reasons for this. Many mid-market businesses have been reporting for some time due to having large or multinational clients that are subject to sustainability reporting requirements. Mandates for large organisations often mean that those in the supply chain need to provide data and maintain reporting processes. Failing to do so would reduce their ability to supply customers. The fact that mid-market firms have had these processes in place for a while means that they are now embedded.

For many mid-market firms, sustainability isn't just a value – it's a requirement. Their large, multinational clients demand compliance across the supply chain. If they can't demonstrate credible sustainability practices, they risk losing those contracts. It's not just about branding – it's about staying in the game.

Vincent Frambourt

Partner, National director sustainable transformation, Grant Thornton France

Another factor perhaps is the position of the mid-market. In the current global environment, there is a risk of 'greenhushing' amongst large corporations, particularly in the US, as businesses become increasingly reluctant to talk publicly about their work on sustainability. As mid-market firms are less scrutinised publicly compared to larger corporations, 'greenhushing' is not as much of a concern for them and they can continue to report.

Chapter 3:

A regulatory reset creates opportunities



Reporting reset

Our research suggests that businesses are not just ignoring political shifts but embracing the commercial opportunities that this change presents. In our survey, 34.5% of mid-market businesses say the new, more lenient direction taken by some jurisdictions – including the reduced scope of CSRD – is more in line with the needs of their business, and 33.1% say they are relieved with the proposed changes. Our global experts indicate that this is likely because certain sustainability policies were trying to do too much too quickly and not actually supporting the sustainability efforts of firms.

34.5%

of mid-market businesses say the new, more lenient direction taken by some jurisdictions – including the reduced scope of CSRD – is more in line with the needs of their business

For many mid-market businesses, sustainability reporting remains a relatively new and evolving discipline. The process of collecting and disclosing a wide array of non-financial data — often for the first time — has introduced significant complexity. In response, we've seen a rapid development of legislation, policy frameworks, accounting standards and assurance protocols aimed at mainstreaming these practices. While this momentum is encouraging, it has also created a degree of uncertainty across the market.

As such, recent moves to recalibrate the scope and pace of regulatory requirements are broadly welcomed. Importantly, this does not signal a retreat from sustainability commitments. On the contrary, most mid-market firms remain deeply engaged in building meaningful reporting capabilities and developing strategies that support their long-term sustainability journey.

Andrew Rigele

National managing partner - ESG, Grant Thornton Australia Instead of causing a retreat from sustainability, regulatory reform is an opportunity for the mid-market to shape its future. The changes to regulation mean that firms have been given the gift of time – now that reporting is less of a requirement firms can focus on areas of reporting more relevant to their business, and in line with their commercial goals and strategy.





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Firms are greeting the Omnibus Bill positively, not because they are opposed to sustainability but because it gives them more of a sense of ownership and control over their own sustainability journey. Rather than being dictated to by red tape, they can engage on their own terms.

Vincent Frambourt

Partner, National director of sustainable transformation, Grant Thornton France

The fact that CSRD is now reducing mandatory pressure on businesses could provide some encouragement for companies to do it within their own way of working... to report on sustainability in a way that is aligned with their own efforts, ambitions, strategy and performance.

Tjeerd Krumpelman

Partner, Grant Thornton Impact House, Grant Thornton Netherlands

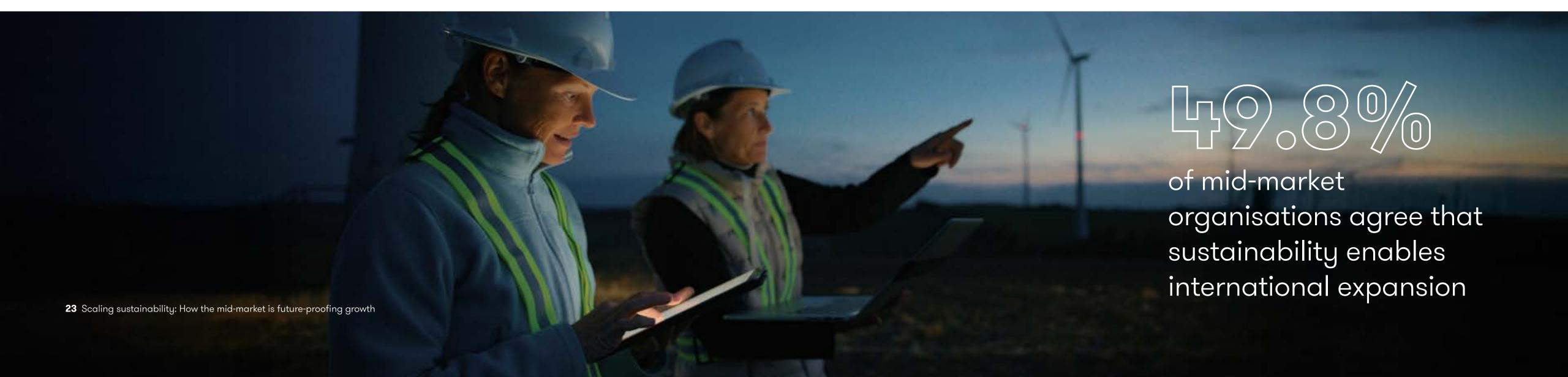
²² Scaling sustainability: How the mid-market is future-proofing growth



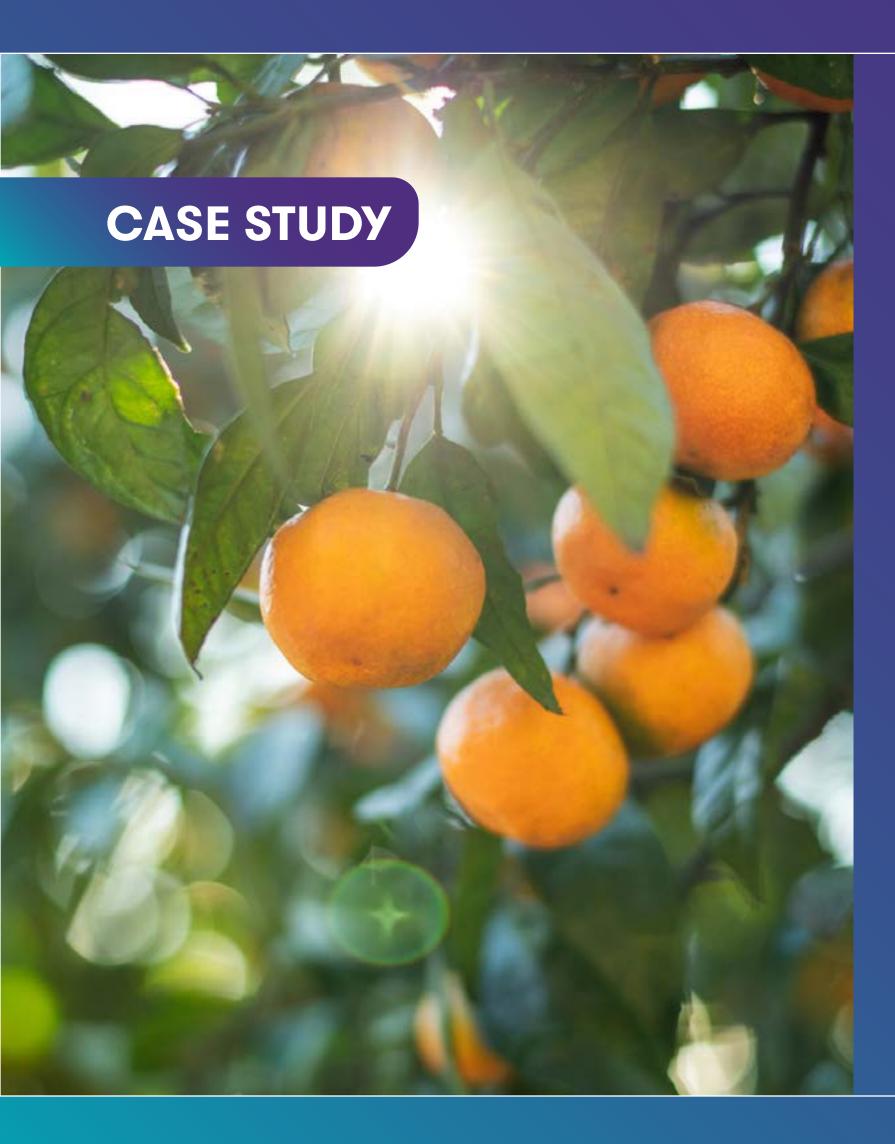
Market expansion

One such commercial goal or strategy which can be supported by the new regulatory landscape is market expansion. Being able to comply with multiple jurisdictions' requirements remains an important consideration for organisations that are looking for global growth – two-fifths of firms (43.1%) say that sustainability helps improve exports. This global growth goal is supported by the recent reduction in reporting requirements because international markets, particularly in Europe, are now easier to enter, and firms can spend less resource on compliance and more on other areas of their new market strategy such as marketing and operations.

Credibility on sustainability, gained through reporting, is also a strong route to securing brand reputation in new markets. In our survey, 49.8% of mid-market organisations agree that sustainability enables international expansion; and organisations planning to increase the number of countries they sell to were also more likely to cite 'brand reputation' as a top factor impacting their sustainability investment than the global average.







Food industry company

(Headquartered in Québec, Canada)

In 2024, a Québec-based company specialising in the production of plant-based food products made the strategic decision to increase its ESG budget by 32%.

This decision was driven by growing demands from its European business partners for concrete and verifiable sustainability commitments. The company invested in a number of initiatives including:

- A digital traceability system to document the origin of its raw materials, including audits of its legume suppliers in South America and its packaging partners in Asia.
- A full carbon footprint assessment in line with ISO 14064 and a three-year reduction plan.
- An overhauled compensation policy and an internal pay equity assessment process based on gender, job type and seniority.

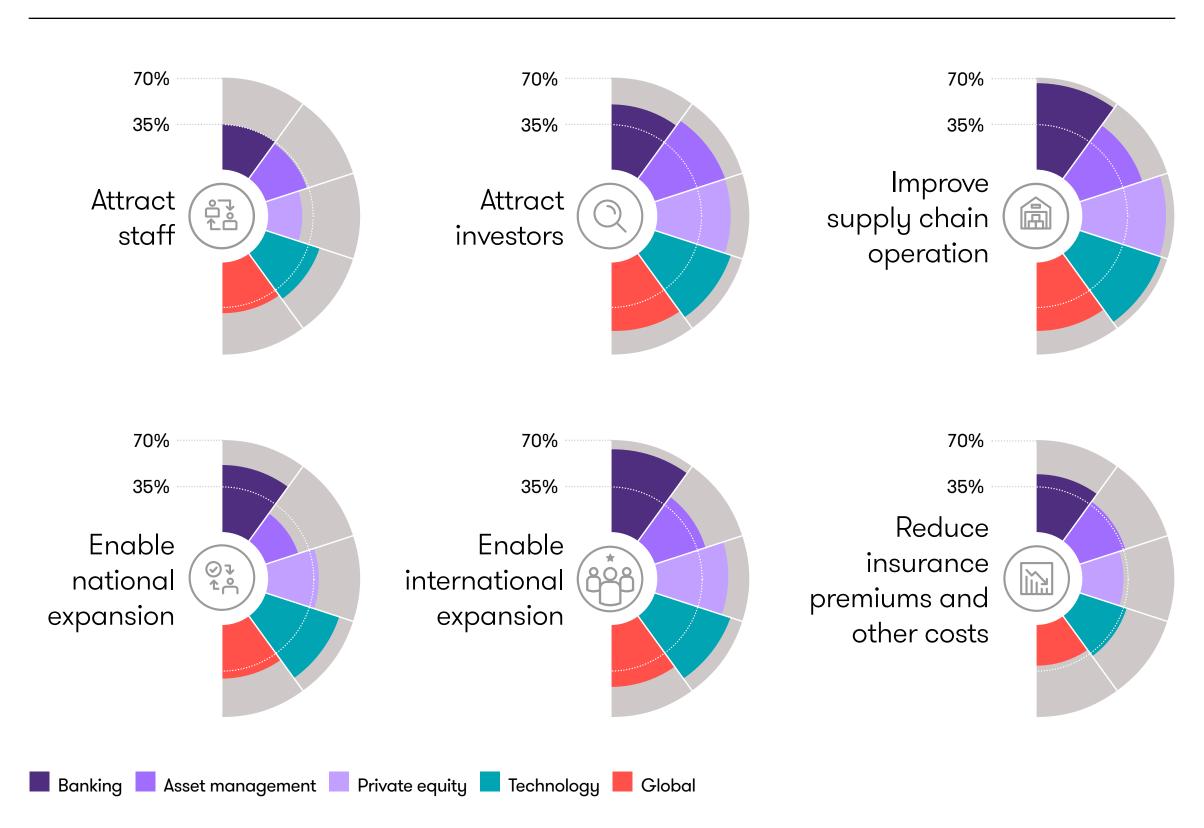
The outcomes were significant: the company not only renewed agreements with two existing distributors but also signed two major new contracts. These deals resulted in an 18% increase in European exports within less than a year. Additionally, the company's improved ESG performance contributed to a better credit rating from its Canadian banking partner, including a reduced interest rate on its operating credit line.

Businesses and consumers like working with, and buying from, brands that they see as trying to do the right thing. For new entrants, being able to show performance on sustainability is a critical asset that enables expansion into new markets.

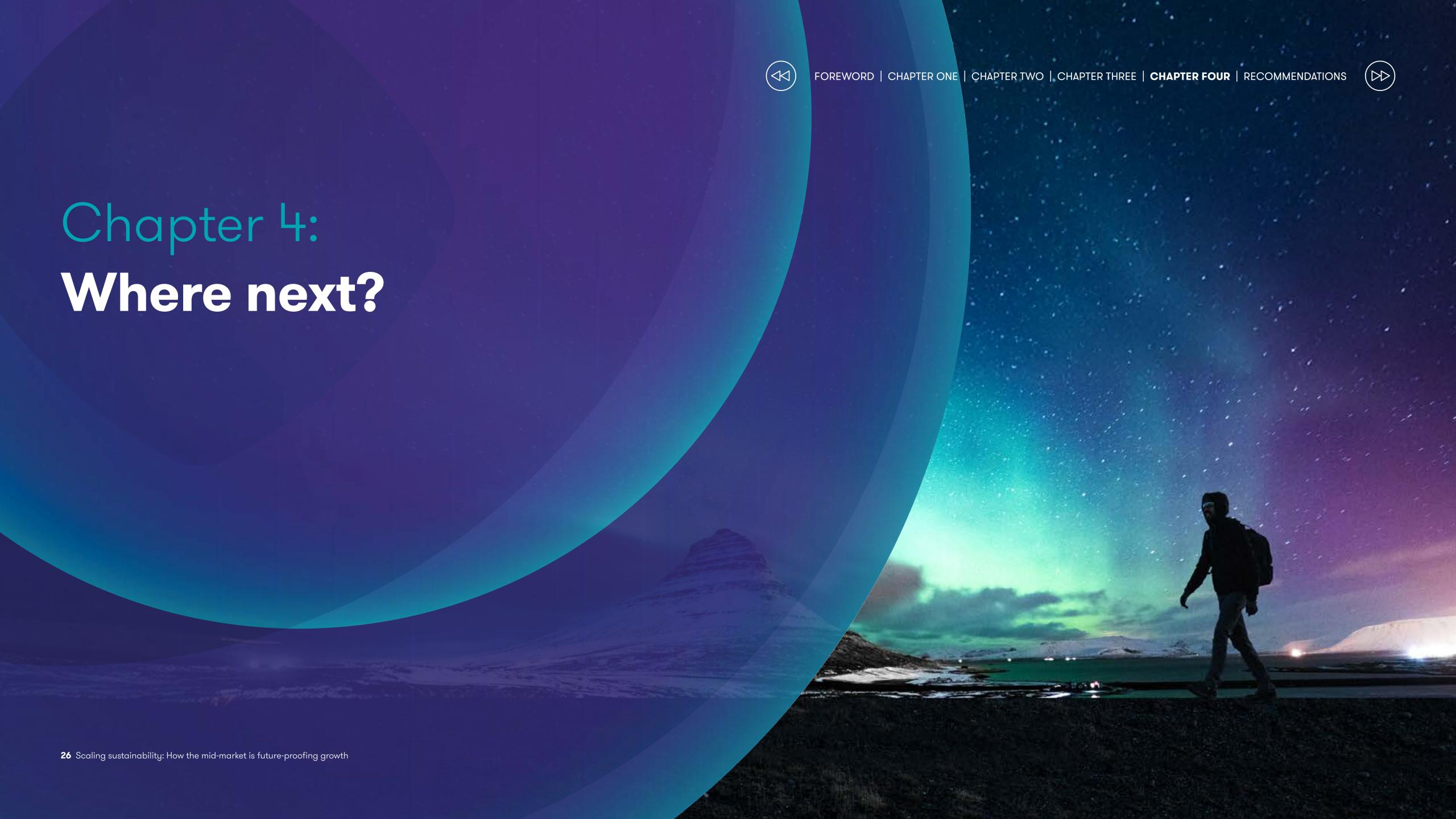
When asked what operational goals could more easily be achieved by increased sustainability, the top pick amongst mid-market businesses was improving supply chain operations at 53.8%. Banking (64.9%), private equity (64.7%) and technology (65.5%) businesses were especially positive about sustainability's impact on supply chain. This is likely because these industries have very wide-reaching supply chains – tech companies often have components manufactured and shipped from a variety of countries, whilst banking and private equity rely on a global network of capital.

The examples from these hyperglobal industries are demonstrative of how sustainability enables growth and expansion for all mid-market firms – compliance with global sustainability standards and having a sustainable 'brand' is now crucial for market access and partnerships, and attracting investors and customers alike.

Operational goals more easily achieved through increased sustainability



Source: Grant Thornton International Business Report (IBR) research



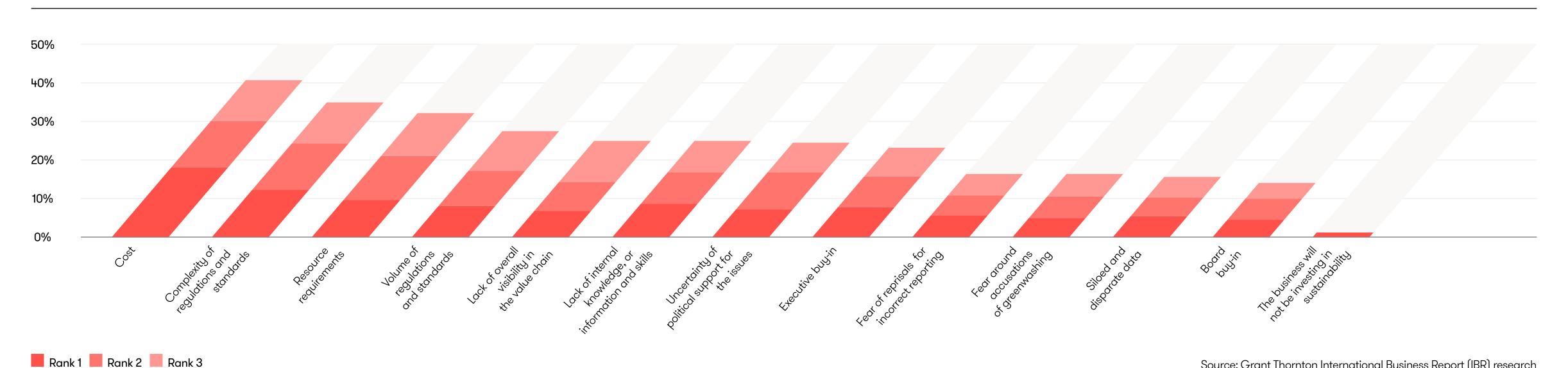


The mid-market's prominent position in the drive for sustainability means that it is critical to understand the challenges it faces when investing, and what can be done to mitigate them.

What are the barriers and how do we overcome them?

Cost remains a significant barrier, with 40.9% selecting this as a block on progress. The complexity of regulations and standards (35.0%), and the resource required to comply with those standards (32.3%), were the next most popular options.

Main barriers to successful development of sustainability initiatives





While these are challenges everywhere, the top barriers vary by region, meaning each region will require support in different ways.

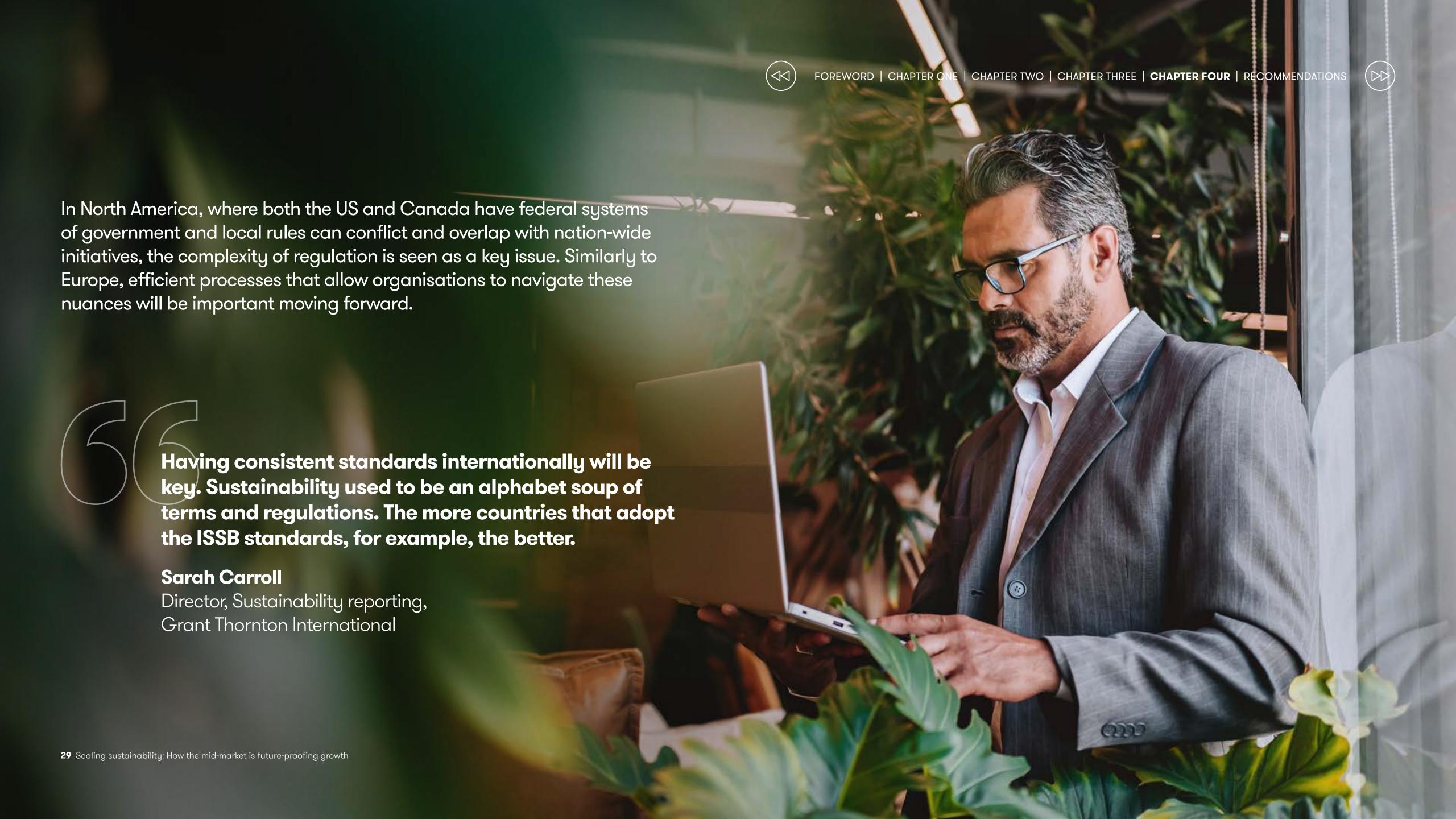
A much higher proportion of South American businesses see cost as the greatest barrier, compared to other regions. A focus on cost-effective strategies will be key to unlocking a greater commitment to sustainability. Tax incentives, which many governments offer to encourage greater upfront investment in sustainability, could be one such route to greater investment in an area that ultimately enhances long-term commercial performance.^{5,6}

For African organisations, uncertainty of political support for the sustainability agenda, and a lack of clarity about whether there is the political conviction to ensure it remains a priority, is putting many off investing. Highlighting the commercial benefits of sustainability, and the opportunities it offers beyond mere compliance, should be a prominent tactic when engaging businesses in the region.

In Asia-Pacific, businesses are more likely to view lack of internal knowledge as a barrier to the successful development of sustainability initiatives. This may be because, other than Australia, countries in this region tend to have fewer national regulations and requirements. In order to overcome this barrier, support can be sought from third-party experts. Sometimes, internal knowledge may be greater than first perceived, and it is a case of building the confidence of the leadership team in pursuing sustainability for the good of the business.

Europe, perhaps unsurprisingly given CSRD requirements, is most likely to point to the complexity of regulations as a barrier. Given recent changes to the rules, businesses will likely want to focus on implementing streamlined and efficient processes that allow them to navigate regulations more easily. As discussed above, changes to the reporting regime in the EU represent an opportunity for organisations to implement reporting and compliance measures that best fit their business.⁷







Reframing the narrative

Another barrier or growing challenge in sustainability is the language being appropriated for political point scoring.⁸ However, the mid-market can have a role in reframing the narrative and reminding us of the core purpose of sustainability – commercial success and business longevity.

Moving forward, it is important for the mid-market to emphasise the opportunities, as well as discussing the barriers to, sustainability. The fundamentals of sustainability are not new: looking to the long term, ensuring that a business is run responsibly and being a good corporate citizen, has always been integral to profitability. The task is to communicate this to sceptical stakeholders and avoid the pitfall of buzzwords.

As the mid-market steps forward to lead the sustainability journey there are opportunities to think creatively, so that the prospect of making investments is more attractive.

In Canada, and especially in Québec, sustainability is no longer a 'nice-to-have' – it is becoming a structural advantage. Its capacity to secure market access, build resilience against volatility and attract both talent and capital is redefining business strategy across industries.

Laëtitia Fière

Senior director, Management consulting, Raymond Chabot Grant Thornton

Sometimes it works best to reframe the conversation – this is not doing 'DEI,' this is doing the best for your people. Not 'climate change,' doing the best for the environment in which you operate. We're not here to talk politics.

April Little

National principal-in-charge, Tax accounting and financial reporting ESG & sustainability services tax leader, Grant Thornton US





Be heard: The role the mid-market is playing when it comes to building a sustainable economy must first be recognised if it is to be harnessed. With large firms able to promote their own agendas and smaller companies given a voice by membership organisations, the mid-market can often lack representation in key discussions. It is therefore important that mid-market firms engage with and are heard by politicians and regulators, either directly or working collectively, responding to regulatory consultations, submitting evidence to a relevant select committee, or engaging with an All-Party Parliamentary Group.

Be evidence led: Political and regulatory change has not been as disruptive to mid-market sustainability reporting as some first thought. Firms still view reporting as an important commercial tool, allowing them to measure and demonstrate progress. For those needing to understand the recent regulatory changes around sustainability, speaking to an advisor can help. They can explain the data required and how to maximise your sustainability reporting so that it meets the needs of your company.

Be focused: There is opportunity to be taken from recent regulatory changes. Firms can use this reset moment as an opportunity to focus their reporting on aspects more relevant to their business and achieve higher quality reports. The simplification of rules can also support the growth and international expansion of firms.



Be collaborative: Although barriers vary by region, cost and complexity are common to most firms in the mid-market. By collaborating with stakeholders, firms can look to tackle these issues:

- Work closely with your investors. Ensure they're on board with your overall commercial objectives, sustainability strategy and the resources required.
- Cooperate with others in your industry to spread the cost of making sustainability viable industry wide, eg uniformity of plug-ins for EV charging infrastructure.
- Have a continued dialogue with your customers about how to collectively become more sustainable, eg more sustainable delivery options if they order online.

Be clear: The mid-market can be key to reframing the narrative around how sustainability is debated globally: as an enabler of growth, rather than an obstacle. For a range of stakeholders around the world to continue to invest in and support sustainability, they need to hear language which resonates with them. For example, framing in terms of longevity and resilience might resonate more than climate change.

At a time when the world's political leaders – and increasingly regulators – are grappling with injecting growth and reaching sustainability targets, the mid-market can be part of the solution. For this to happen, the mid-market's work on sustainability needs to be recognised, nurtured and harnessed. Through engagement, collaboration and open conversation, the mid-market can ensure the sustainability journey continues, for themselves and the rest of world. Achieve this, and we will see the benefits of growth and sustainability for generations to come.

To understand how to realise the commercial benefit of sustainability for your business and to maximise any work on sustainability you are already undertaking, find your nearest Grant Thornton Sustainability services team.



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Methodology

The International Business Report (IBR) is the world's leading survey of mid-market companies. Launched in 1992, the IBR provides insights into the views and expectations of around 15,000 business leaders globally. The research runs quarterly, interviewing senior executives within mid-market organisations across 35 economies, from all industry sectors.

Questionnaires are translated into local languages and fieldwork is undertaken through a mixed methodology, including both online and telephone interviews. The findings in this Sustainability 2025 report are drawn from interviews conducted between April and June 2025. We have rounded the percentages and data points explored in this report to the nearest one decimal point. For this reason, some charts may not total 100%.





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