



## Sustainability – Interview

# The Industry of the Future Must Be Sustainable

*November 25th - By Marina Hofstetter - 13-minute read*

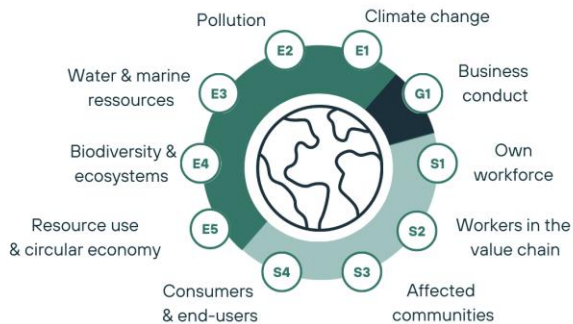
When we talk about the industry of the future, we tend to think only of new technologies. However, the industry of the future must also be sustainable. From a regulatory standpoint, it has no choice but to head in this direction. Justyna Tarwid, founder of Intently, explains the situation.

### ***What are the main changes on the horizon regarding sustainability?***

The main change that will have a real impact on companies is related to regulatory changes in the area of sustainability, which are gradually being implemented in Europe, Switzerland, and internationally. For instance, the new **Corporate Sustainability Reporting Directive (CSRD)** and the **European Sustainability Reporting Standards (ESRS)** require large companies to annually report on their sustainability performance, just as they do with their financials. The goal is for annual reports to include not only financial performance but also the impact of their activities in terms of sustainability.

### ***Which industries are affected by the European directive?***

#### **The universe of sustainability issues covered by the ESRS for large companies**



ESRS: European Sustainability Reporting Standard

It applies to all companies across all sectors, including financial actors such as banks and insurance companies. For example, an insurance company calculating its greenhouse gas emissions must consider not only its operations but also the emissions related to the assets it insures and its investments (scope 3 emissions).

The same applies to banks, which must account for their entire credit and investment portfolios. Thus, the impetus for change will come not only from regulators but also from financial markets.

### ***Why are these changes happening?***

These changes are occurring in a world where it is urgent to provide concrete responses and achieve measurable results in addressing environmental and social challenges, such as climate change, biodiversity loss, and human capital issues. Through these regulations, lawmakers are pushing companies to communicate transparently and take responsibility for their environmental and societal impacts, as well as the risks and opportunities associated with them. This also encourages companies to implement targeted actions to reduce negative impacts or even create positive ones.

In addition, companies that achieve positive results in terms of sustainability may improve their chances of accessing new sources of financing, such as loans with favorable interest rates or investors, which can further support their transition toward more sustainable business models or the development of innovative, eco-friendly products.

In summary, these regulations aim to increase transparency and accountability for companies' efforts to address impacts, risks, and opportunities related to sustainability and continue attracting capital for sustainable transition and innovation projects while providing reliable evidence for financial markets to make investment decisions.

### ***What do these changes mean for Swiss companies?***

The Swiss Federal Council has recently completed a consultation on amending the Code of Obligations to make these requirements stricter. According to this proposal, companies in Switzerland with at least 250 employees, a balance sheet of at least 25 million Swiss francs, or turnover of at least 50 million Swiss francs will be required to publish sustainability information in line with EU standards or equivalent norms. The proposed law also stipulates that reports must be reviewed by an external auditor. Approximately 3,500 companies in Switzerland will be directly affected by this regulation, compared to 300 companies currently required to report on sustainability issues.

### ***What awaits these large companies in practical terms?***

First, companies must identify the key sustainability challenges that are most relevant to them. This depends greatly on the company itself and the industry in which it operates. For most companies, climate change and greenhouse gas emissions are priority topics. Other specific issues, such as water consumption or circular economy practices, may also be relevant. Social issues, such as workforce and supply chain labor practices, will also be significant for many.

The CSRD/ESRS framework uses the principle of double materiality—impact materiality and financial materiality. For example, if a company contributes to water pollution, this is relevant both in terms of its environmental and societal impact, and its financial consequences (e.g., fines, reputational damage). Evaluating double materiality is a critical step, as it determines the issues that the company must report in its annual sustainability report.

### ***How do large companies identify relevant sustainability topics?***

The guidelines recommend that companies start by evaluating their context and asking questions such as: what is the company's value chain? What are its business relationships? Which countries are involved in its supply chain? What are the applicable legal and regulatory requirements? Sources like publications, specialized analyses, and scientific or economic reports can also be useful, as can studying the sustainability reports of other companies in the same industry. Stakeholder engagement is equally important. The EU is also working on sector-specific standards to help companies identify sustainability challenges specific to their industries.

### ***What about companies not directly affected by the regulation?***

Companies not directly subject to the regulation, such as small and medium-sized enterprises (SMEs), may be indirectly impacted through requests from stakeholders in their ecosystem, such as business partners, insurers, or banks. A significant number of companies in Switzerland will be impacted this way. For instance, a small company that serves as a partner or supplier to a large company required to report its sustainability efforts may be asked about its own performance. It is therefore in the interest of Swiss SMEs to begin defining a sustainability strategy to maintain their competitive advantage.

### ***Do these SMEs have to report as strictly as large companies?***

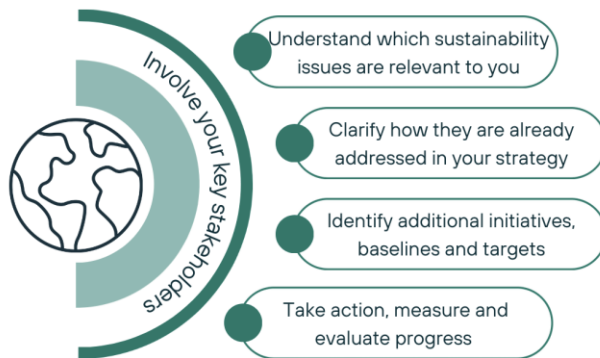
No, SMEs are not required to report according to CSRD/ESRS standards. However, it is recommended that they establish a basic set of disclosures to respond to potential requests from business partners. In the EU, they will soon have the option to follow the **Voluntary Reporting Standard for SMEs (VSME)**, currently in its final development phase. This standard includes around 20 indicators, many of which only need to be reported if applicable to the company.

The primary goal of this standard is to recommend a minimum set of requirements and indicators that SMEs should adopt to be prepared for requests from business partners or financial services providers, such as banks and insurance companies. For these stakeholders, sustainability is now a risk factor in their evaluation processes. Additionally, the VSME aims to protect SMEs from excessive reporting demands.

### ***How can small and medium-sized enterprises prepare practically?***

SMEs should begin by identifying their priority sustainability issues and goals and assess whether and how these are already addressed in their existing strategies. For example, if the company offers a technology or solution that enables its clients to produce more sustainable products, this should be highlighted in its sustainability strategy. For areas not yet covered—such as reducing its own greenhouse gas emissions—the company should define objectives and actions.

## How can small and medium enterprises (SMEs) prepare?



It is also important to establish baseline performance metrics (e.g., current greenhouse gas emissions), but companies should not delay taking obvious actions, such as resource optimization measures, even if the baseline data is not yet fully in place. Implementing processes and systems to collect relevant sustainability data is recommended. Such data will be essential for tracking progress

and preparing future reports.

Unlike financial data, sustainability data is spread across all areas of a company's activities (e.g., procurement, logistics, facilities, travel). Optimizing the collection and processing of these data flows will significantly improve the efficiency and quality of sustainability reporting while freeing up time to focus on action rather than measurement.

At the same time, it is crucial to engage in dialogue with key stakeholders to gather their feedback. This not only helps define priority sustainability issues and potential solutions but also ensures long-term support. Securing stakeholder buy-in for a sustainable transition strategy is vital, and the sooner management addresses this, the better.

### ***Focusing on stakeholder engagement: Who are they, and why is it so important?***

Stakeholders include both internal and external parties—employees, investors, customers, supply chain partners, etc. It is critical to involve stakeholders from the start because, as mentioned earlier, their input helps identify relevant issues for the company. Additionally, involving them makes stakeholders feel part of the process.

Each group of stakeholders brings a different perspective. Employees might have ideas for optimizing internal processes to make them more sustainable since they know these processes in detail. Customers could provide new insights into product or service innovations to have a greater positive impact, for instance, by helping customers achieve

their own sustainability goals. Investors might highlight sustainability issues that pose financial risks or opportunities for the company.

### ***How can companies ensure employee engagement?***

It is essential to frame this transition as an opportunity, not merely a compliance measure. Employees should understand that sustainability efforts are not just about meeting regulations or addressing societal and environmental challenges—they are also about maintaining the company's competitiveness and market position.

We are in a period of significant transition, where sustainability performance is becoming integral to overall business performance. Companies need to embark on this journey because those lagging in sustainability will miss out on market opportunities to competitors who can demonstrate their efforts with reliable data. Employees must see this as a long-term, necessary path.

Stakeholders who understand the stakes and feel heard are more likely to contribute ideas to improve the company's sustainability profile. Their involvement can lead to new ideas and suggestions that help refine or redefine the company's strategy and even create new business opportunities. Transitioning takes time, and maintaining motivation for change is crucial.

### ***What services does Intently offer to help companies establish their sustainability strategy?***



At Intently, we offer consulting projects to help companies inspire change, identify priorities, and demonstrate progress. We also provide workshops for management teams as well as employees. During the workshops, we first discuss the importance of change, the regulatory landscape, and the real-world impacts relevant to the company's activities. Next, we review industry best practices to illustrate how other companies have successfully transitioned to sustainable operations.

The workshop includes a practical exercise where the team spends time applying the different concepts to their company, such as conducting a simplified double materiality analysis or creating a preliminary sustainability strategy. These workshops offer a hands-

on experience and active reflection on sustainability, specifically tailored to the company, enabling participants to leave with concrete ideas, energy, and inspiration to delve deeper into the topic.

We also provide another scalable and flexible solution through modern video communication campaigns tailored to the company and industry. We work closely with the company's management to develop a suitable communication plan, resulting in a series of educational videos for employees, optionally supported by additional learning materials such as publications, quizzes, and surveys to gather employee input.

Through our services, we help companies engage their teams in sustainability strategies, accelerating their transition to sustainable economic models in a way that is both aligned with the regulations and practical, while emphasizing competitive advantages.

### ***How can MSM contribute to the transition toward sustainability?***

I believe that as a specialized magazine distributed to a wide network of companies in Switzerland, MSM has great potential to become a platform of influence on the topic of sustainability. What I hear from companies is that they want to see concrete examples of how other companies have successfully transitioned—what exactly they changed, how they financed the change, and what results they achieved. By publishing stories of companies that have successfully transformed, you could share concrete examples of transitions, encourage peer learning within the industry, and strengthen your readers' confidence that a shift toward sustainability is possible. Moreover, it can generate positive impacts not only for society and the planet but also for businesses themselves.

*Translated by Intently*