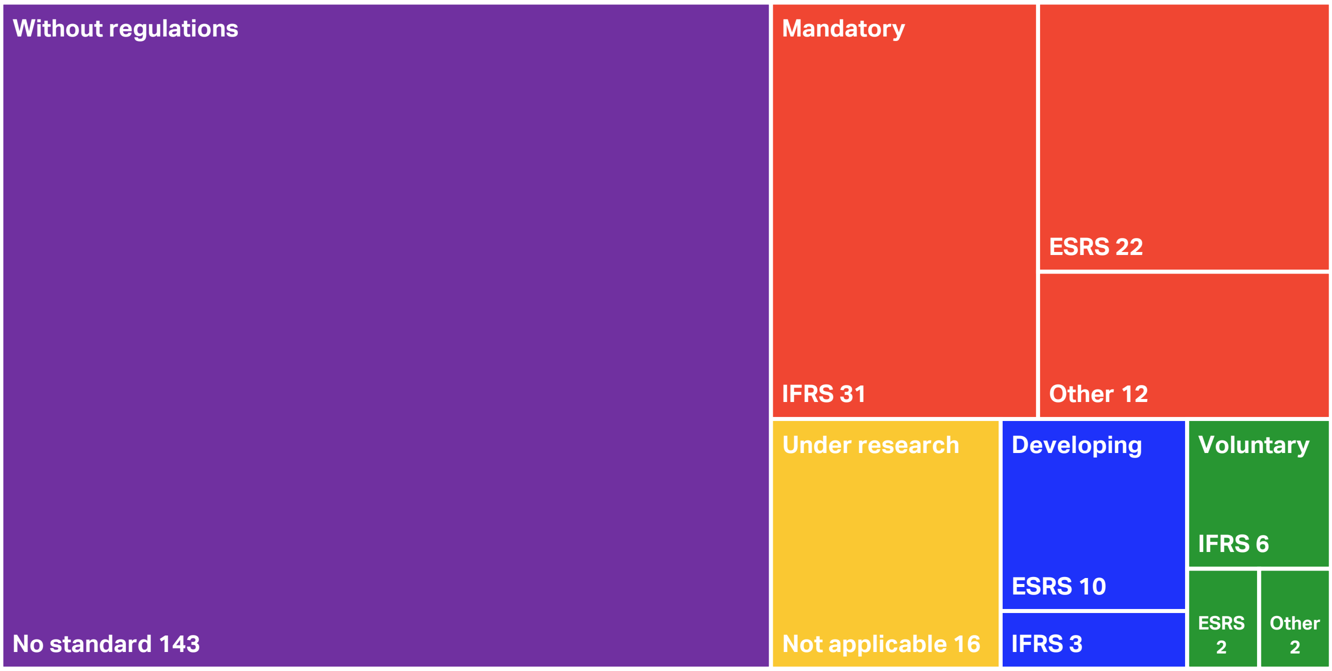
Chart of the Week

14 November 2025

The need for smarter ESG reporting requirements

Type of ESG reporting requirements, the standard with which they align, and the number of countries per type and standard



Source: IATA Sustainability and Economics.

- Environment, Social, and Governance (ESG) reporting regulations are emerging worldwide. As shown in the chart, over 60 countries have implemented mandatory disclosures, while others are in the process of developing them. There are also countries that encourage companies to incorporate sustainability reporting into their annual reports on a voluntary basis. Whether through mandatory regulations or voluntary frameworks, many countries are aligning these with leading standards, such as the European Sustainability Reporting Standards (ESRS) and International Financial Reporting Standards (IFRS). However, according to an EY report, around 600 ESG standards and reporting frameworks exist today, and they continue to shape disclosure requirements, in a staggering example of fragmentation and increased complexity.
- The cost of compliance with reporting requirements is an unhelpful distraction from the more urgent task of delivering actual CO_2 emissions reductions – airlines might have to choose between the two, given their low, around 3.7%, net profit margin. In the case of Europe, for example, the European Financial Reporting Advisory Group (EFRAG) has estimated that these costs can be on average more than EUR 600,000 per company annually. The question must also be asked regarding who the potential users of the reported information are and whether the benefits they might derive warrant the costs to the airlines. Moreover, without a standardized approach that allows for comparisons, any benefits remain moot.
- ESG reporting needs to become smarter, more relevant and less redundant. They need to enhance operability and comparability, reflecting the actions that airlines take to reduce their climate impact.

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