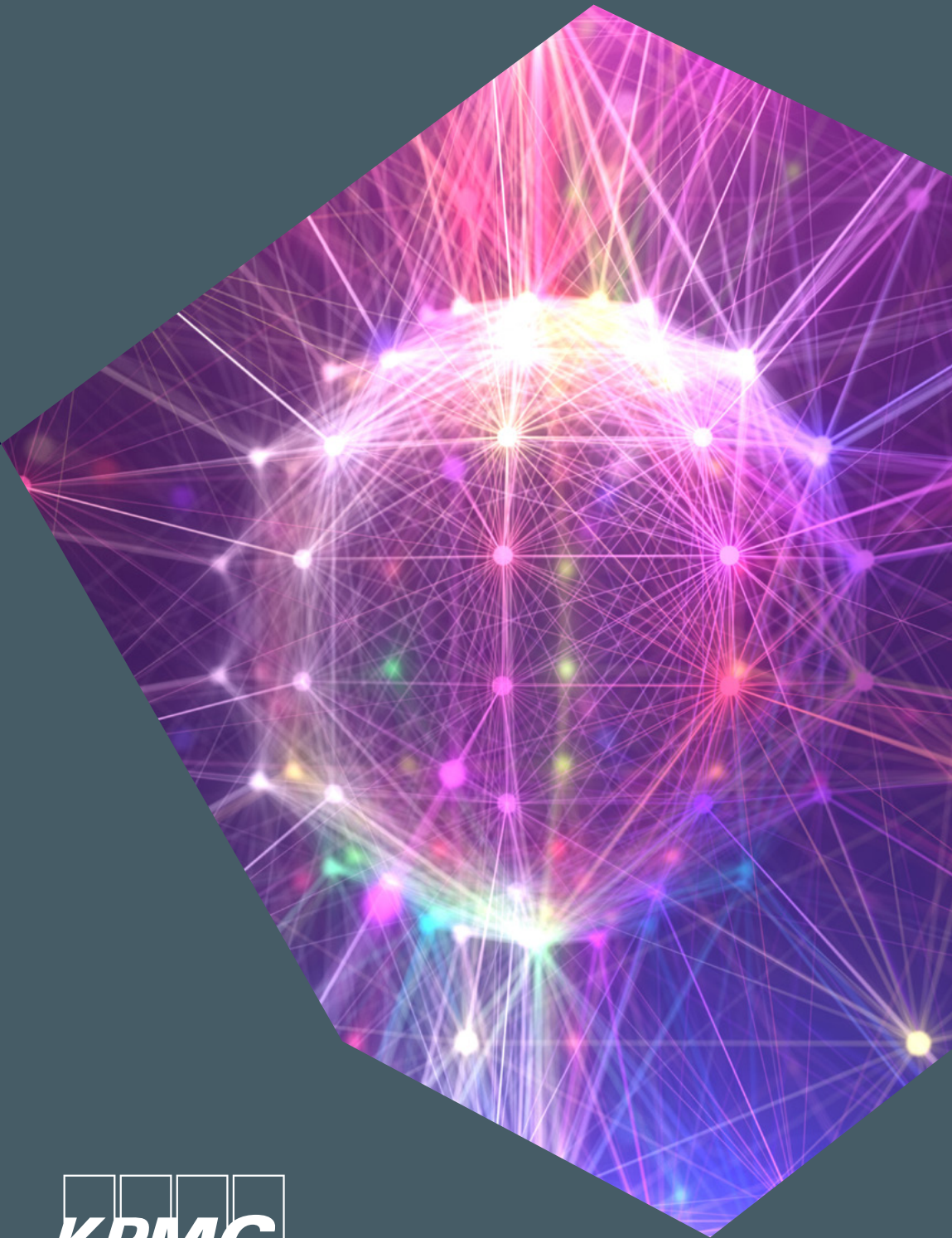


Safeguarding Sustainability

→ *A Dynamic Risk Assessment
for the Sustainability Agenda*



World Business
Council
for Sustainable
Development



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Foreword

Over the past decade, sustainability has moved decisively from the margins to the mainstream of business strategy.

Among leading companies, sustainability considerations are now embedded across strategy, capital allocation, risk management and innovation pipelines. The transition to low-carbon energy systems is accelerating technological development while strengthening resilience to volatile energy markets. Nature-positive strategies are increasingly recognized as essential to long-term supply security, ecosystem stability and social license to operate. And circular business models are delivering measurable gains in efficiency and cost control while reducing exposure to resource constraints.

In short, sustainability is no longer a parallel agenda. It is inseparable from enterprise value – shaping growth, resilience, cost of capital and long-term competitiveness.

However, we should not assume that continued progress is inevitable. We are operating in a world defined by mounting complexity, volatility and fragmentation. Trust in institutions is under strain, geopolitical tensions are rising, and economic pressures are intensifying. In certain corners, a backlash against sustainability is gaining momentum.

Against this backdrop, safeguarding the progress made to date, while continuing to drive the agenda forward, requires a more sophisticated understanding of risk. By working with KPMG to apply a Dynamic Risk Assessment to the sustainability agenda, the World Business Council for Sustainable Development (WBCSD) has sought not only to catalogue threats, but to understand how they interact as part of a broader risk network, uncovering in the process key areas where business can deploy collective mitigation strategies most effectively.

The insights are clear. As this report underlines, many of the most influential risks we face are behavioral in nature. That means they are also within our capacity to shape – through leadership, incentives, governance, culture and education.

At WBCSD, we are committed to helping our members act on that responsibility, strengthening long-term thinking, deepening systems awareness and embedding learning at the core of business strategy. In a time of volatility and fragmentation, the ability to understand risk systemically – and act decisively on that understanding – matters more than ever.



Peter Bakker
President & CEO, WBCSD

Foreword

At KPMG, we recognize that sustainability is fundamental to the long-term resilience of our planet, its natural systems and the economic ecosystems that underpin organizations and their stakeholders.

We are proud to support WBCSD in identifying and prioritizing the challenges shaping the global sustainability agenda. By applying KPMG's proprietary Dynamic Risk Assessment (DRA) methodology and technology, WBCSD has been able to harness the collective insight of its members to surface the most pressing and emerging sustainability risks and highlight where collective action can drive meaningful progress.

In today's turbulent environment, the DRA highlights "short-termism" as both a critical vulnerability and a significant opportunity to prevent backsliding on sustainability commitments. This is not a new tendency. During periods of uncertainty and economic pressure, organizations and policymakers often default to immediate stability over long-term ambitions. While long-term behavioral change and systemic learning remain essential, immediate pressures require practical and decisive responses.

Addressing short-termism - alongside challenges such as "distance to the problem" and systemic complexity - creates tangible opportunities for progress. No organization can address these challenges alone. That is why our work with WBCSD to convene peers and broader stakeholders is so important: together we are exploring how sustainability risks and opportunities – that often fall outside traditional planning cycles – can be embedded more effectively into today's strategic decision-making.

Forward-looking organizations are already moving beyond rhetoric to action: strengthening value driver analysis, improving measurement and valuation, innovating business models and deepening collaboration.

The opportunity to address both the 'morality and the materiality' of sustainability is real, immediate and commercially relevant. The sustained commitment shown by leaders and institutions striving for a more sustainable future is both necessary and commendable.

KPMG firms remain committed to helping organizations turn sustainability risk into strategic value. We know that no single organization can do this alone, and together with stakeholders we can help align action, accelerate progress and make a difference for sustainability.



Gauthier Acket
Head of Global ESG, KPMG

Executive Summary

The world today is experiencing rapid technological, political, demographic, environmental, and social change, including developments such as artificial intelligence, geopolitical conflicts and evolving ecological challenges. Complexity makes the direction and pace of change highly uncertain, presenting challenges for forecasting and control.

Such uncertainty presents significant challenges for business – and for some opportunities to innovate. These strategic and operational headwinds may also complicate business efforts to exercise the kind of systemic leadership required to drive transformation aligned with WBCSD's vision of a world in which more than nine billion people can live well within planetary boundaries by 2050.

Recent surveys and studies indicate ongoing corporate focus on sustainability as an important pillar of value creation and resilience. Yet this continued commitment to sustainability should not be mistaken for inevitability. The sustainability agenda faces growing risks that cannot be ignored. Instead, this moment calls on those who care about creating a more sustainable world to revisit and reevaluate the way we work – strengthening risk management and scenario planning, deepening collaboration, and adapting strategies to a new normal defined by persistent change.

This report is designed to inform these efforts, using KPMG's Dynamic Risk Assessment (DRA) methodology to identify critical leverage points where WBCSD, its members, and other sustainability-focused organizations can intervene most effectively to safeguard hard-won progress and accelerate sustainable transformation in today's uncertain world.

Through the DRA process, WBCSD has identified twenty risks facing the sustainability agenda and, critically, has also mapped how these risks interconnect. The analysis highlights which risks are most influential in driving others, and which are most vulnerable to being exacerbated by change elsewhere in the system. This network perspective points to a more efficient and effective approach to risk mitigation – focusing on leverage points that reduce risk across the system as a whole.

The findings show that the most influential and vulnerable risks to the sustainability agenda are diverse, spanning political and economic factors, social and cultural trends, and human cognitive-behavioral traits. This highlights a need for organizations like WBCSD and the broader business community to focus on the risks they are best equipped to address. Broad-based political, economic, social, and cultural conditions are difficult for business to change on its own. In contrast, the business community can, immediately and directly, shape the mindsets and behaviors of its people as well as influence suppliers, customers and other key stakeholders.

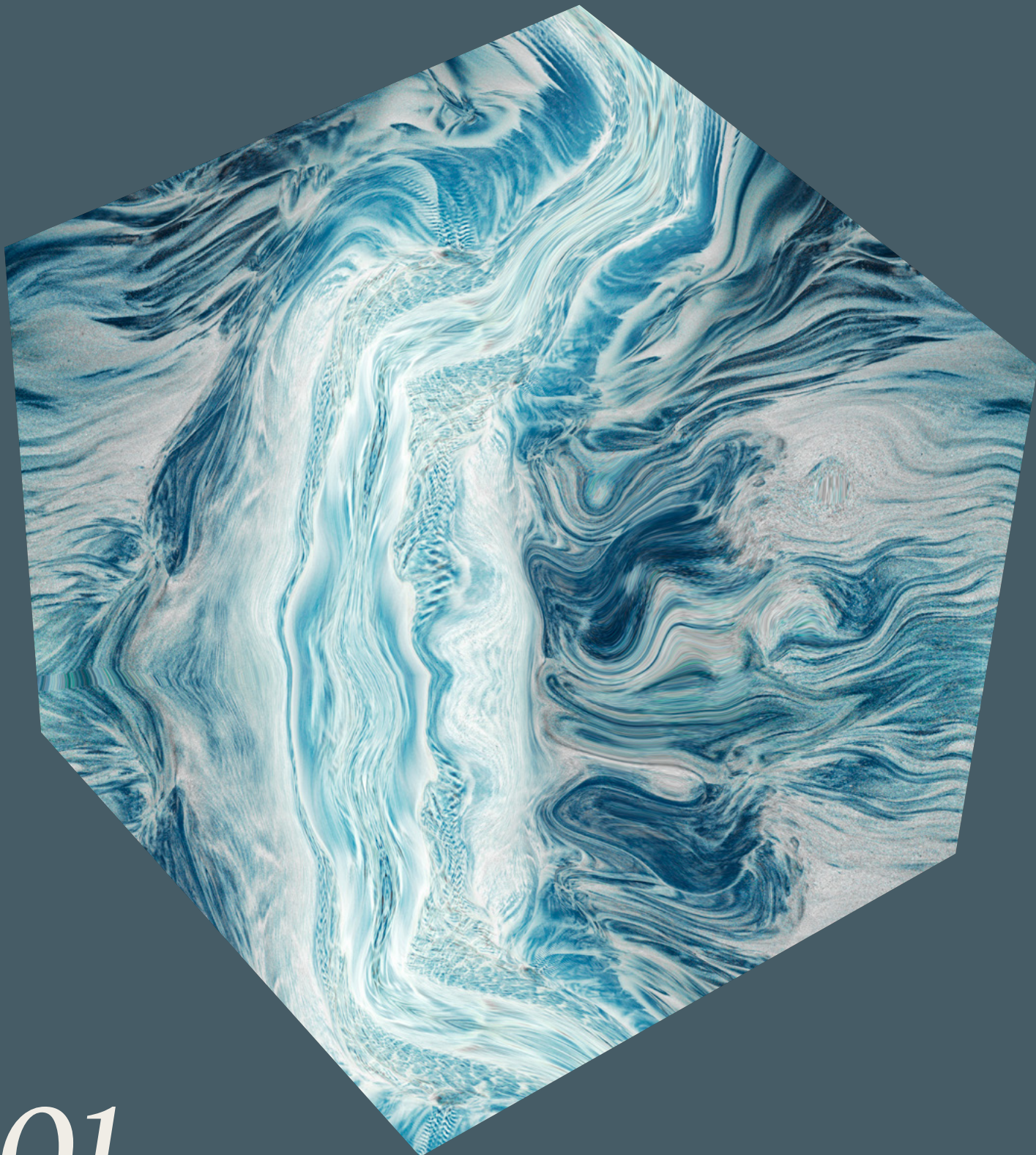
With this in mind, this report emerges with the following list of priority risks which both sit at the top of the influence and vulnerability analysis, and also represent areas over which WBCSD and its members can exert direct and meaningful control:

- **Short-termism:** Making the case for longer term incentives and measures, and not just a focus on short term performance and quarterly reporting.
- **Distance to problem:** Bringing business leaders and managers closer physically, intellectually, and emotionally to the science of sustainability while also bringing new voices and perspectives into the boardroom.
- **Fractal dissonance:** Helping business leaders understand how they impact and depend on others as part of a complex system of interconnected, interdependent factors.
- **Underestimating existential tipping points:** Working with scientists, educators and communicators to bring ecological realities to life for business leaders.

Taken together, these insights underscore a central conclusion; keeping sustainability on track is not just a technical challenge, but is also closely linked to learning and behavior. The analysis indicates that shifts in mindsets, skills, and everyday decision-making play a critical role in sustaining progress on sustainability – alongside technical, policy, and financial considerations. Learning – and the ability to continuously unlearn and relearn – will be a key component of any strategy to protect and accelerate progress on sustainability in an uncertain world.

Businesses have the potential to influence organizational behaviors through leadership, incentives, training programs, governance, and decision-making processes. For its part, WBCSD is committed to advancing this agenda through its various work programs, and in particular through its work on education and capacity-building. By convening leading thinkers, partnering with academic and learning institutions globally, and embedding behavioral insights across its programs, WBCSD will support its members in translating insight into action. Through these efforts, WBCSD hopes to ensure that learning becomes a practical and scalable pathway through which business can address some of the most potent risks facing the sustainability agenda.

Navigating *Turbulent Waters*



01.

01. Navigating Turbulent Waters

A time of unprecedented uncertainty

Uncertainty defines the moment. Over the past few years, it has moved from the footnotes of expert reports to the headlines, come to dominate the mainstream news landscape, and become perhaps the most salient feature of the context in which business decisions are being made. The World Economic Forum's 2026 Global Risks Report – which captures insights from more than 1,300 experts around the world – explicitly identifies uncertainty as its defining theme.¹ And the World Uncertainty Index, based on textual analysis of Economist Intelligence Unit country reports, shows uncertainty is running at more than double its previous high mark.²

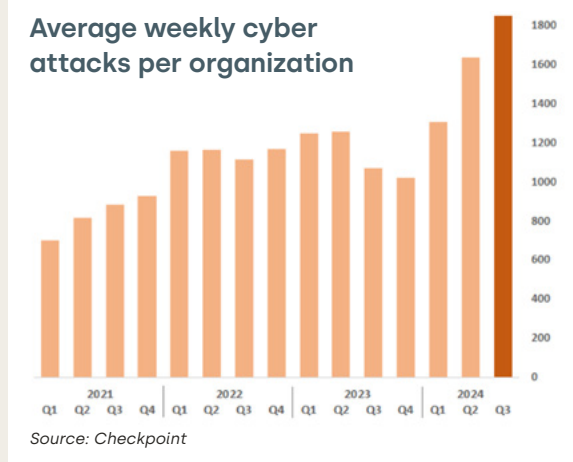
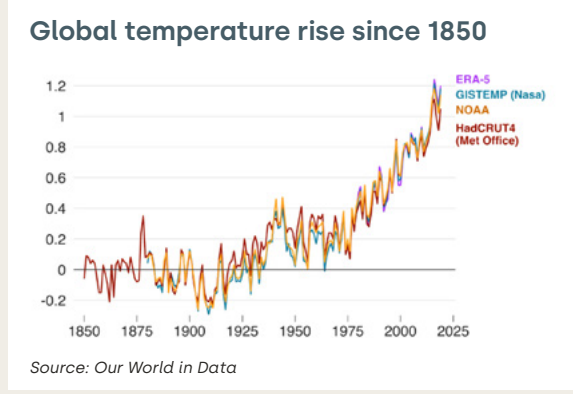
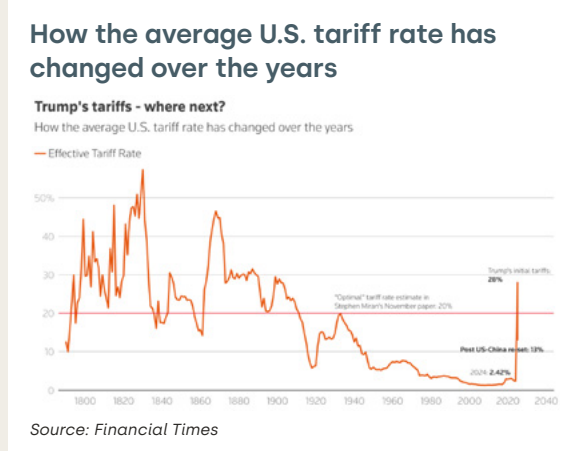
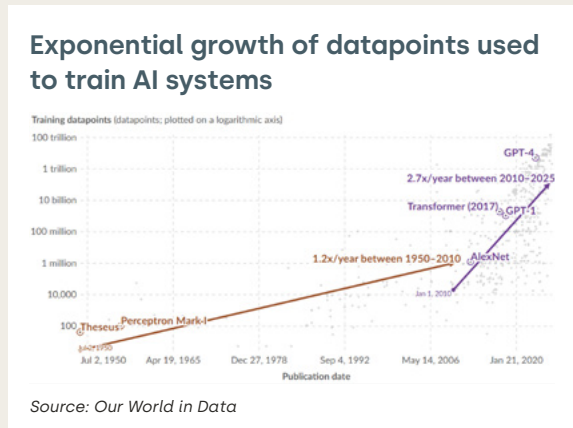
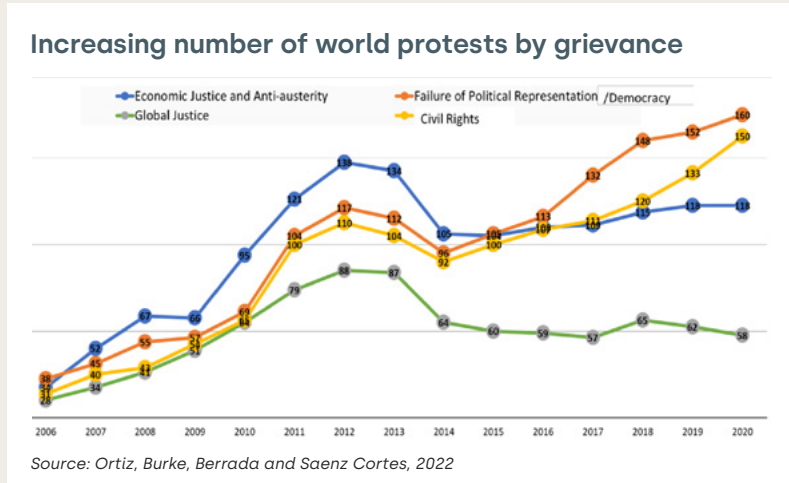
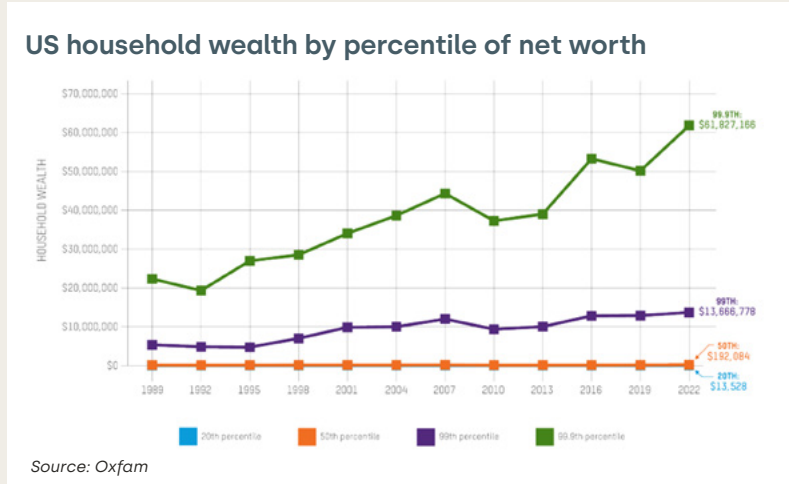
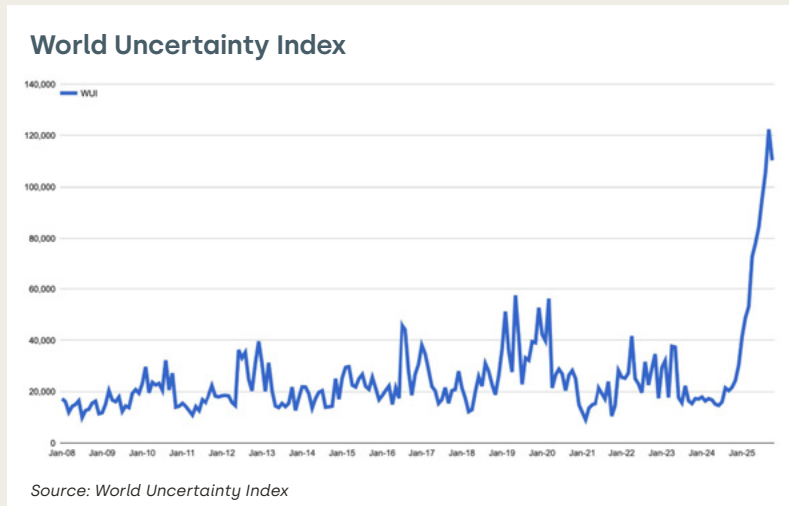
If one thing is certain, it is that the world is changing at an unprecedented rate across a wide range of domains all at once. Transformation is happening technologically, politically, demographically, environmentally, and socially with the emergence of trends and developments such as artificial intelligence, geopolitical ruptures and confrontations, shifting centers of population growth and decline, the breaching of ecological tipping points, and the impacts of all of these on people and societies. Our systems are under pressure and increasingly failing to deliver the outcomes we need and expect. Complexity and non-linearity make the direction and pace of change all but impossible to forecast, much less control. The natural human response is often to feel overwhelmed, but this uncertainty and pace of change also present us opportunities to sow the seeds of change needed to drive us towards a more sustainable world.



¹World Economic Forum. 2026. "[Global Risks Report 2026](#)"

²[World Uncertainty Index](#). 2026.

Figure 1: A world characterized by mounting uncertainty



A new compass is needed

An environment characterized by uncertainty so profound it can feel like chaos represents an undoubted challenge for business. Companies perform best in conditions of relative stability, and for much of the past seven decades that stability has generally prevailed, underpinned by a strong and largely predictable global order. Today that foundation is eroding.

As well as confronting business with a range of operational hurdles, this context also presents challenges to our efforts to exercise the kind of systemic leadership required to drive transformation aligned with WBCSD's Vision 2050, in which more than nine billion people can live well within planetary boundaries by 2050.

Achieving this vision depends on a shared understanding of the challenges before us, a common sense of direction, and collective commitment and accountability. Yet these prerequisites are increasingly difficult to secure in a world marked by deep division and widespread overwhelm.

It is important to note however that, despite persistent macroeconomic uncertainty, regulatory instability, and increasingly polarized public discourse, sustainability and the green economy continue to demonstrate notable resilience and momentum.

A wide range of surveys, reports, and studies published over recent months consistently point to senior executives maintaining commitment to sustainability as an opportunity for value creation and resilience (Figure 2).

However, resilience should not be mistaken for inevitability. The sustainability movement faces growing and interconnected risks, and the

Figure 2: Business leaders continue to see sustainability as a key value driver



current period of uncertainty is not a temporary disruption to be endured until conditions "return to normal"—a scenario few experts expect. Instead, this moment calls on those who care about creating a more sustainable world to revisit and reevaluate the way we work – strengthening risk management and scenario planning, deepening collaboration, and adapting strategies to a new normal defined by persistent change.

To navigate this new normal, decision-makers need tools designed to help chart a course through this uncertainty. This report applies KPMG's Dynamic Risk Assessment (DRA) methodology to identify critical leverage points where WBCSD, its members, and other sustainability-focused organizations can intervene most effectively to safeguard hard-won progress and accelerate transformation.



³ Morgan Stanley. 2025. "Companies See Sustainability as a Way to Create Value"

⁴ UN Global Compact. 2025. "UN Global Compact & Accenture 2025 CEO Study"

⁵ Forbes. 2026. "Forbes Sustainability Survey"

⁶ HSBC. 2025. "Business See the Commercial Opportunity in Climate Transition"

KPMG's Dynamic *Risk Assessment Methodology*



02.

02. KPMG's Dynamic Risk Assessment Methodology

Why a Dynamic Risk Assessment?

Traditional risk assessment methodologies have their roots in a simpler time when national economies were markedly more isolated. Our economies and societies today are more connected and interdependent than ever before – giving individual risks a wide variety of opportunities to interconnect and spread. As a result, while measuring the likelihood and severity of individual risks remains common, it is no longer adequate. Risk contagion and velocity must be measured as well.

KPMG's Dynamic Risk Assessment (DRA) methodology is an evolution of traditional risk assessment designed to:

1. Incorporate future trends and their potential downstream exposures into risk management processes, injecting a forward-looking analysis and assessment and making results no longer solely reliant on historical data;
2. Expand the analysis of resulting risks to estimate how these risks might connect to each other and the velocity (speed) by which the consequences will be felt once a risk occurs, in addition to more traditional measurements of severity and likelihood;
3. Apply the sciences of expert elicitation and behavioral finance to extract the information; and
4. Apply graph (network) theory to represent the findings and interpret the results.

In the above manner, the DRA approach seeks to capture the wisdom of a selected crowd of experienced professionals through a scientifically structured approach, harnessing their diverse collective knowledge and representing the findings mathematically as a network. This process generates analysis and insights that are almost impossible to achieve through a traditional two-by-two likelihood and severity heat map.

This approach also produces a collective, de-biased quantitative perspective that is not dominated by any single individual. It draws on the judgment of an industry or issue's most capable thinkers, embedding their views on present and emerging risks into a mathematical network through a structured, scientific, and replicable process. When applied rigorously, expert elicitation can yield insights during periods of rapid environmental, macroeconomic, and geopolitical change that are more insightful than those generated by any single expert model or forecast.



About the DRA methodology

The DRA methodology comprises four steps that can be applied at industry, company, business unit, project and risk theme levels.

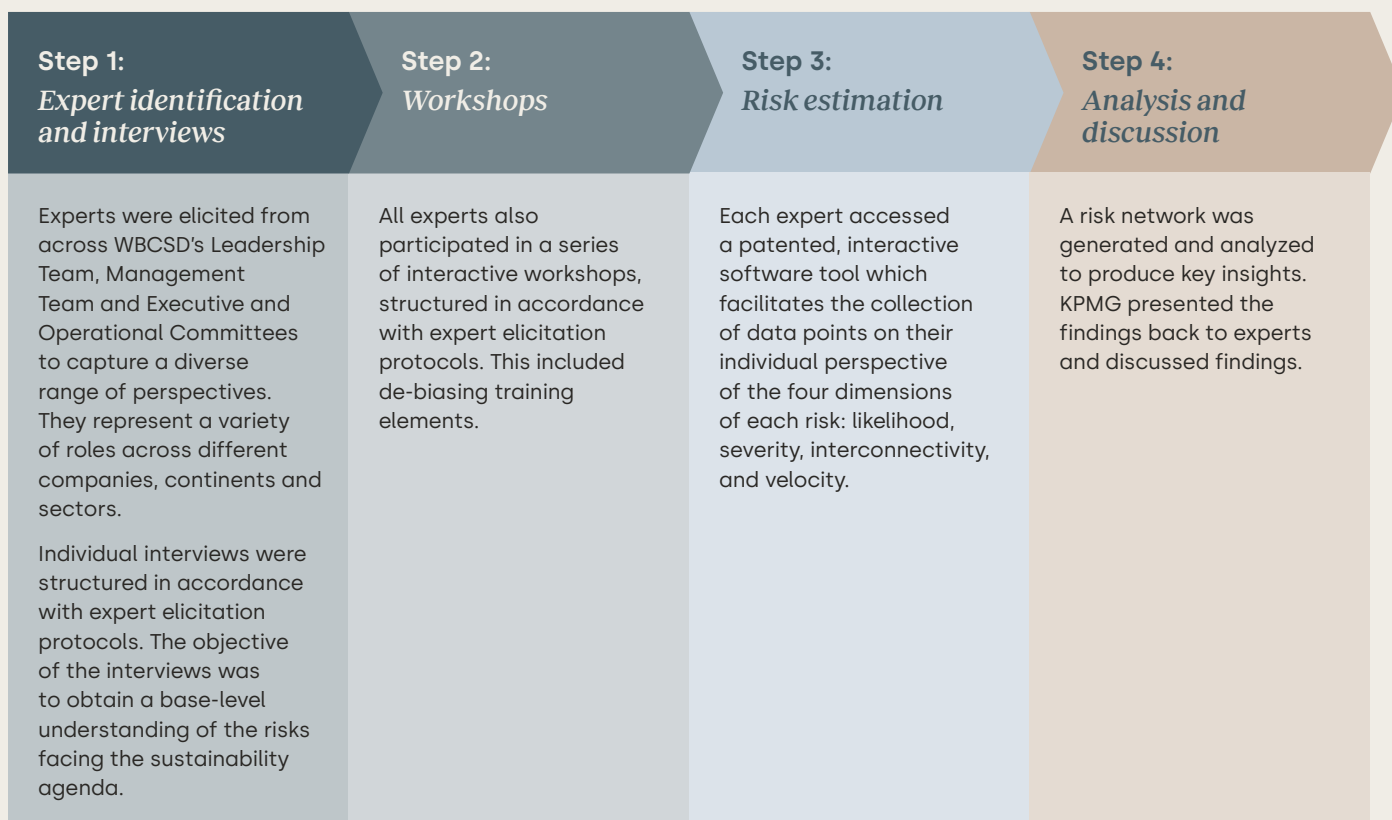
The first two steps form the risk identification phase, which aims to capture past risks that may re-occur, over-the-horizon risks and completely new risks.

The third step introduces technology into the process in the form of an interactive software tool. The tool facilitates the collection and quantification of independent, anonymous expert views on relevant risks.

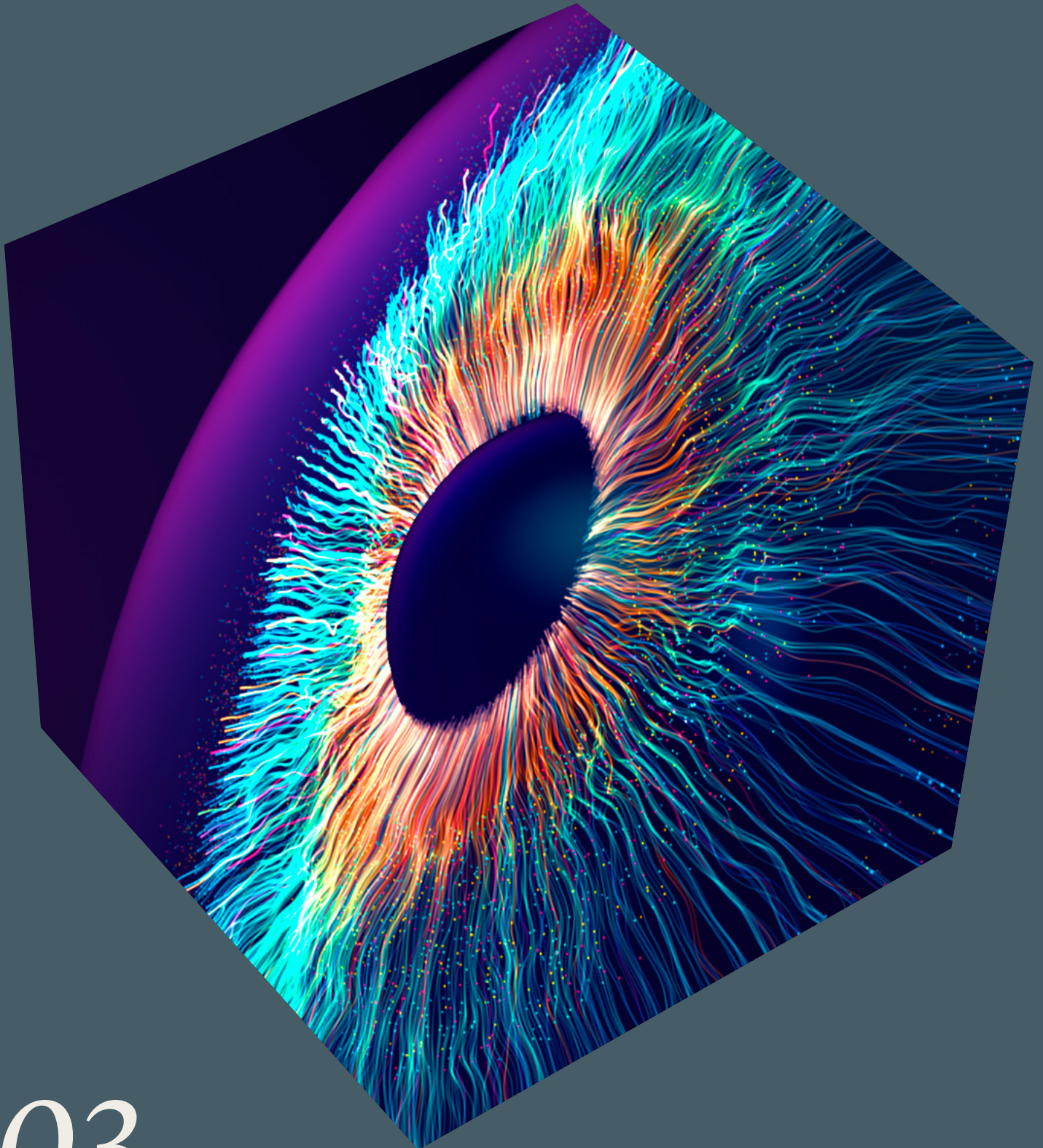
The fourth and final step identifies key steps for prioritization, mitigation, and controls as numerical analyses highlight historically unobservable risk combinations and relationships.

While DRA is often applied to companies or industries, in this report, WBCSD and KPMG have applied it to the sustainability agenda as a whole. The details of the process undertaken are laid out in Figure 3. The results suggest where to focus in order to protect and accelerate progress toward sustainability in the present environment of complexity and uncertainty.

Figure 3: Overview of the DRA methodology as applied by WBCSD to the sustainability agenda



Critical Risks to the *Sustainability Agenda*



03.

03. Critical risks to the sustainability agenda

A complex risk landscape

The dynamic risk assessment process identified a comprehensive set of 20 risks facing the sustainability agenda. In this chapter, we will introduce each risk alphabetically, before progressing to explore the interconnections and interdependencies among risks, and the strategic implications for sustainability-oriented organizations like WBCSD and its members.

Key risks facing the sustainability agenda (in alphabetical order)

An authenticity crisis

People today are exposed to an increasing volume of content that is misleading or outright false, ranging from AI-generated content of unknown origin to verified posts from real people in the highest reaches of leadership in business and government. This has undermined people's confidence in what they see on social media, in the news, in corporate marketing and communications, and in expert reports. This crisis of confidence, in turn, creates a tendency for people to dismiss information that conflicts with their existing views – discouraging critical examination of new data and perspectives and stifling the development of a shared understanding of the sustainability challenges we face.

Crowding out by “more important” or “more current” matters

Sustainability risks being crowded out by a succession of issues that feel more immediate and more acute in comparison, such as geopolitical instability and war, tariffs and trade disruptions, migration and immigration pressures, the rapid advance of AI, cyber-attacks, supply chain shifts and failures, talent shortages, layoffs, and cost of living issues. Short-term risk management and firefighting dominate the leadership agenda, even when we recognize that many of these “urgent” issues are symptoms of deeper, more systemic challenges that are central to the sustainability agenda.

Declining altruism, increasing egocentrism

Some cultures have been experiencing a gradual insulation of the self from community and society, and a growing prioritization of people's individual interests over collective outcomes. Empathy, engagement, and collaboration are increasingly undervalued or even dismissed as “weak” while behaviors that were once widely stigmatized – such as racism, misogyny and nepotism – are becoming normalized. This shift in social norms and values threatens our capacity to take coordinated action on shared challenges.



Distance to problem

Whether physical, psychological, or historical, distance weakens our awareness, understanding, and sense of urgency around sustainability challenges. For example, as societies have become more urbanized, people have become further removed from the oceans, forests, and farms where environmental pressures are most visible. The average person sees little biodiversity in day-to-day life, leaving its loss an abstract concept. Similarly, lessons from earlier periods of shared existential risk, such as World Wars I and II and the Cold War, have faded from living memory. The cumulative effect has been to obscure systemic fragilities and reduce the perceived immediacy of sustainability risks that are real, increasing, and potentially irreversible.

Elites' creation, their problem

Not all countries or segments of society have contributed equally to the sustainability challenges we face. Wealthier countries have contributed disproportionately through development pathways that have generated prosperity while externalizing social and environmental costs, and wealthier individuals consume and emit more, in the process setting aspirations for the rest of society at unsustainable levels. Understandably, this has created a

perception that sustainability challenges are the rich World's to fix and fund, while also fermenting a deep sensitivity to any attempt to deny the rest of the world the opportunities they have enjoyed. These dynamics make it more difficult to negotiate and develop a response in which responsibility is both broadly and proportionately shared.

Fractal dissonance (difficulty "seeing the system")

As our social, economic, and political systems have grown more complex and globally connected, it has become harder for people to grasp patterns of cause and effect at the level of scale and complexity necessary to solve sustainability challenges at the root cause level. Chronic, structural problems are often misread as a series of one-off crises. For example, migration may be treated as an isolated political issue as opposed to the outworking of broader ecological and economic pressures. People continue to make decisions every day as though the natural resources that were abundant for two billion people will somehow remain abundant for nine billion, despite mounting evidence to the contrary.

Geopolitics and the erosion of global institutions

There is a growing mismatch between the global nature of sustainability challenges and the increasingly fragmented and contentious geopolitical context in which they must be addressed. Nationalism, populism, and resource competition are on the rise. Power dynamics are shifting, and countries are using military intervention to pursue their interests across borders. At the same time, the institutions designed to facilitate shared vision and coordination across countries have been deprioritized, and in some cases deliberately undermined.

The hype cycle "slump stage"

Sustainability has progressed beyond rosy narratives and quick wins into the difficult work of navigating trade-offs and changing systems, becoming more politically contested in the process. As a result, sustainability is no longer enjoying the attention and enthusiasm it was a few years ago. It is no longer "the conversation at Davos," no longer a source of easy accolades for business or political leaders – quite the opposite in some countries. In this context, it is tempting for many to remain below the parapet at precisely the moment when visionary leadership is needed more than ever.

Loss of trust

Recent decades have seen declining confidence in the capacity of institutions and authorities to act competently, fairly, and in the public interest. We have come to a crucial juncture. Our world is approaching existential ecological tipping points, inequality is increasing, economic mobility is in decline in countries where it was previously a core part of the social contract, and people are losing faith that our political and economic systems will deliver for themselves and their families. Business and political leaders have overpromised, underdelivered, and in some cases misused power; scientists have occasionally made mistakes, and frequently struggled to connect and communicate with the public. The authenticity crisis, described above, has made the situation worse. The 2026 Edelman Trust Barometer reveals a world retreating towards insularity, with people increasingly unwilling to trust anyone who is different from them, disengaging with the broader discourse at a time when collective understanding and effort are crucial to achieving sustainability goals.



Macroeconomic conditions

Deteriorating or uncertain macroeconomic conditions create headwinds for the sustainability agenda. Slower growth, inflationary pressures, high interest rates, financial market instability, geopolitical shocks, and other downside risks can all drive companies to focus on cost control. Sustainability investments and teams can be easy to justify cutting as deferrable or down-scalable, particularly when their financial returns are indirect, long-term, or difficult to quantify. However, such cuts erode momentum that can take time to rebuild.

Optimism bias

Most human beings demonstrate a cognitive tendency to overestimate the likelihood of positive future outcomes and underestimate the likelihood of negative ones – such as key sustainability risks. Many people act on faith that “technology will solve,” “nature will heal,” and “humanity will adapt”. It is often tempting to assume that people will cope, relocate, or otherwise adjust – while resisting or dismissing more sobering assessments. This confidence can delay difficult choices and prevent action in time to avoid the most serious consequences of climate change and other sustainability challenges.

Overreach

With bold visions, ambitious goals, and good intentions can come a tendency toward overreach among sustainability leaders – the pursuit of comprehensive, transformative solutions in contexts where these may not be feasible, at least in the near term. Grand plans that appear disconnected from current constraints (in terms of resources, implementation capacity, or social and political buy-in) run the risk of alienating stakeholders who need to be on board, even those who broadly agree with the underlying objectives. Such proposals can also have the effect of crowding out more pragmatic and potentially catalytic approaches.

Rise of importance of self

In some countries and cultures, it is becoming more common for people to treat their own personal conviction and judgment as having equal or greater authority than expert knowledge or the experience of others. People are also asking why they should bear costs or make sacrifices if others don't, or if others benefit. This logic erodes support for long-term public-good agendas that depend on collective action.

Rising inequality

Globally, inequality has been on the rise in recent decades, while upward mobility has remained stagnant or declined. The way our systems distribute income and wealth is leaving hundreds of millions of people struggling to meet their basic needs, with limited opportunity to do better creating a global majority forced to focus on the end of the month, not the end of the world. The high level and structural nature of inequality globally are fueling insecurity and resentment, social division, and political unrest. The transformational change required to put the world onto a more sustainable, resilient path depends on shared vision, collective effort and mutual accountability across all sectors and segments of society – things that we cannot expect to materialize in a world of sharp disparities in income, wealth and wellbeing.

Short-termism

Short-termism is structurally embedded in the media, the economy, and politics. From 24-hour news cycle to quarterly corporate reporting and two- to four-year terms in public office. These dynamics focus attention and bias decision-making toward short-term results rather than long-term value creation. Whether in business or in government, leaders are incentivized to take action that delivers tangible results quickly, even if it undermines critical longer-term outcomes.

Sound-biting of everything

Public discourse is being compressed into short, simplified soundbites designed to go viral, with significant implications for how complex issues like sustainability are understood and debated. Sustainability is inherently dynamic and multidimensional, featuring complex patterns of cause and effect. As attention spans, critical thinking and listening skills decay, comprehensive, carefully reasoned, and evidence-based sustainability narratives are more easily crowded out by bite-sized, digestible content with immediate emotional resonance. At the same time influence is shifting from researchers and experts to those most adept at producing simple, provocative messages.

Sustainability costs dismissed as externalities

The negative social and environmental impacts of business activity are in many cases still treated as externalities, or costs to be borne by those unlucky enough to be affected. The costs of emissions, waste, pollution, noise, nature loss, and negative mental, physical, and financial health impacts on workers still struggle to be factored meaningfully into business and investor decision-making, fueling a system of capitalism that rewards value extraction as much as true value creation.

Disconnected sustainability messaging

It is clear today that in many cases the past 20 years of sustainability messaging and communications have failed to fully connect with decision-makers, influencers, and the general public across socioeconomic and political lines. This has led to pronounced gaps in understanding and support. There is a sense that the benefits of driving sustainability forward have not been framed clearly or in a way that feels relevant to most people. Worse, sustainability has come across as elitist; disconnected from the everyday realities, pressures, and constraints that most people face. This has created space for dissenters to dismiss or condemn the sustainability agenda as “nice-to-have” philanthropy or political virtue signaling.

Temporal dissonance

The time horizons over which most personal, business, and political decisions are made are profoundly misaligned with the time horizons over which most sustainability risks and impacts unfold. Sustainability is often treated as a future problem – “not during my tenure,” or even “not in my lifetime.” People are reluctant to compromise their current lifestyles for the benefit of their children or grandchildren. Business leaders are tempted either to leave sustainability issues to their successors, or to set ambitious goals they will not be in role long enough to be accountable for delivering. There are strong incentives to generate profits in the simplest way possible now, rather than engage in complex transformation challenges with uncertain payback periods.

Underestimating exponential tipping points

A human tendency toward linear thinking limits understanding of how profoundly our social, economic, and ecological systems are interconnected, and how risks can escalate. We assume that change happens gradually and proportionally; there is little intuitive grasp of exponential downside risk even though the idea of exponential growth, or upside, is widely understood. The result is that our sense of urgency does not match the reality that we are approaching exponential tipping points beyond which further human intervention will be too late. From ice sheet collapse to permafrost thawing, when exponential tipping points or thresholds are crossed, feedback loops take over driving irreversible, runaway change regardless of whether the original drivers of change slow or cease.

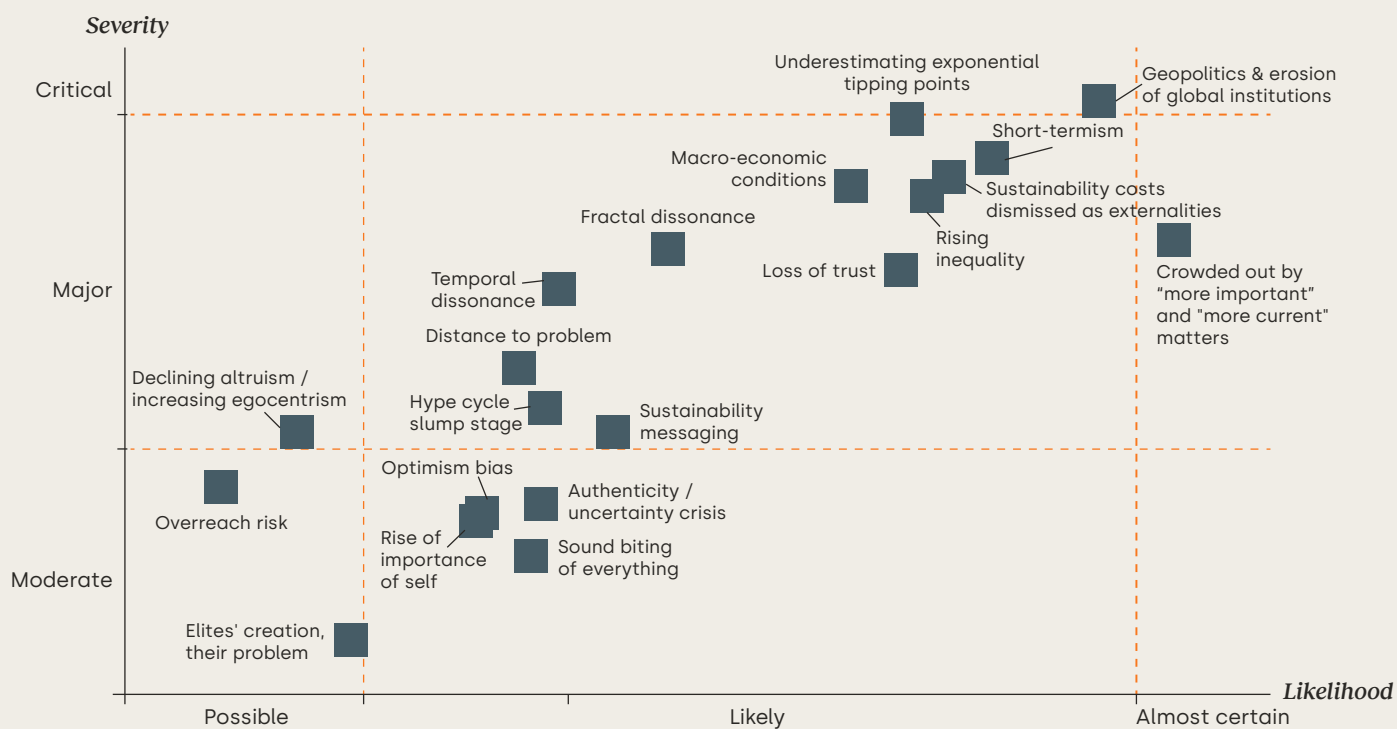


Exploring the risk network

The list of risks facing the sustainability agenda is long, and many of the risks on it are well entrenched in human nature or in the political, social, and economic systems we have created. Any strategy for protecting and accelerating progress will require prioritization and focus.

In Figure 4 below, we can observe a traditional severity vs. likelihood analysis. The most individually severe risks are 'Geopolitics & erosion of global institutions', 'Underestimating exponential tipping points', and 'Short-termism'. The most likely discrete risks are 'Crowded out by 'more important' and 'more current' matters', 'Geopolitics & erosion of global institutions' and 'Short-termism'.

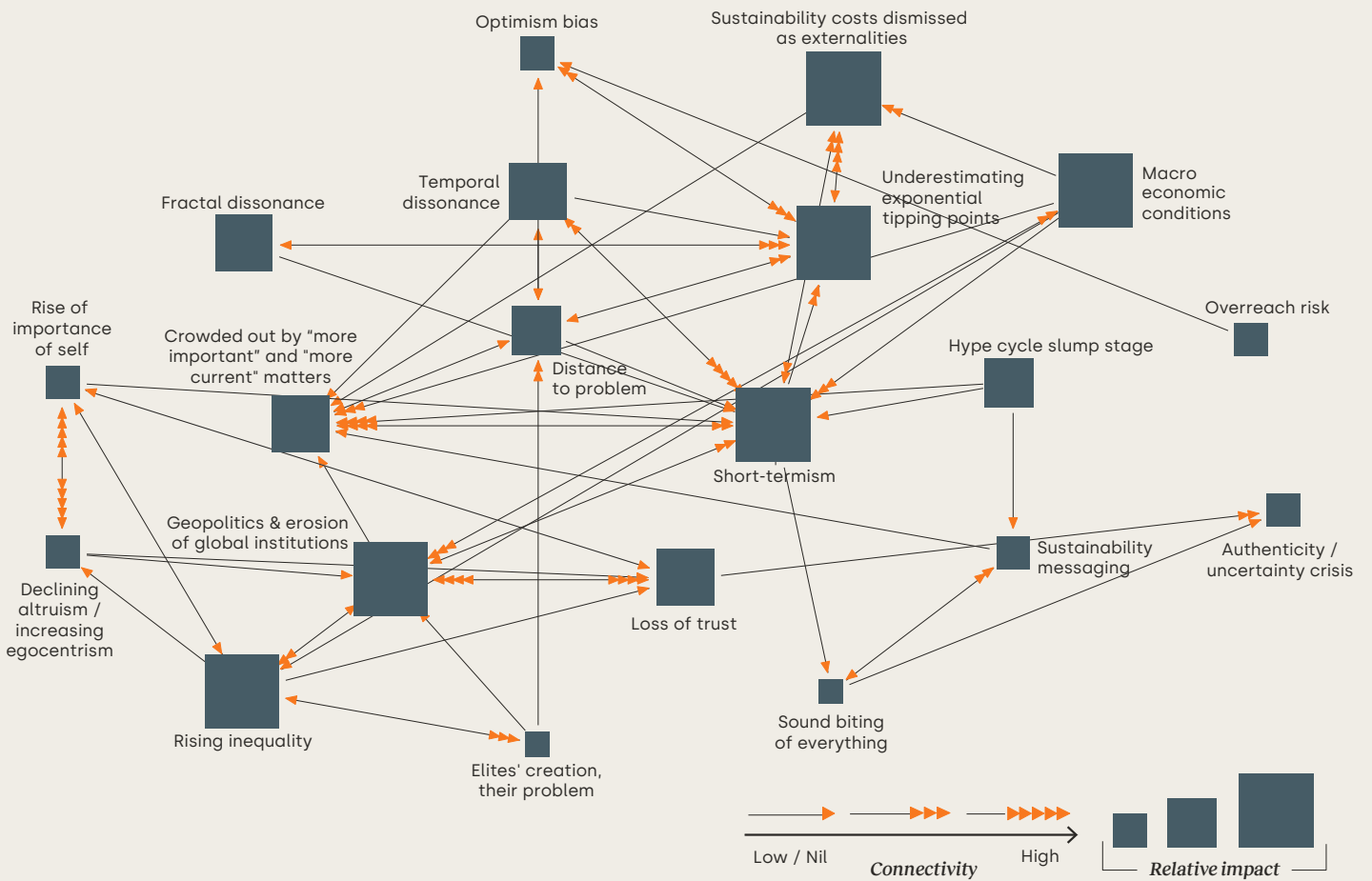
Figure 4: Risks to the sustainability agenda by individual severity and likelihood



However, this is not the full story, and deeper analysis is required. While the risks rising to the upper right of Figure 4 are indeed important, they do not manifest in isolation. They are interconnected – both with each other and with the broader list of risks in a complex, adaptive network. As a result, managing them individually would be inefficient at best, and futile at worst. Instead, our goal must be to manage risk for the network as a whole.

Understanding *how* risks interconnect helps us identify which ones to focus on in order to mitigate the entire risk network. In Figure 5, each node represents an identified risk to the sustainability agenda. Its size captures its individual impact relative to other risks on the list. These nodes are connected by lines that show the strongest connections between them. The number of arrowheads depicts the relative strength of those connections. Note that this diagram depicts only the strongest connections.

Figure 5: The sustainability agenda risk network



The first set of risks to prioritize are the most *influential* risks in the network. These are the risks which, if addressed, would have the most influential, positive or mitigative effects, directly or indirectly, on the rest of the risks in the network. To the extent practicably feasible, they present the most efficient and effective way of arresting the threats to the sustainability agenda.

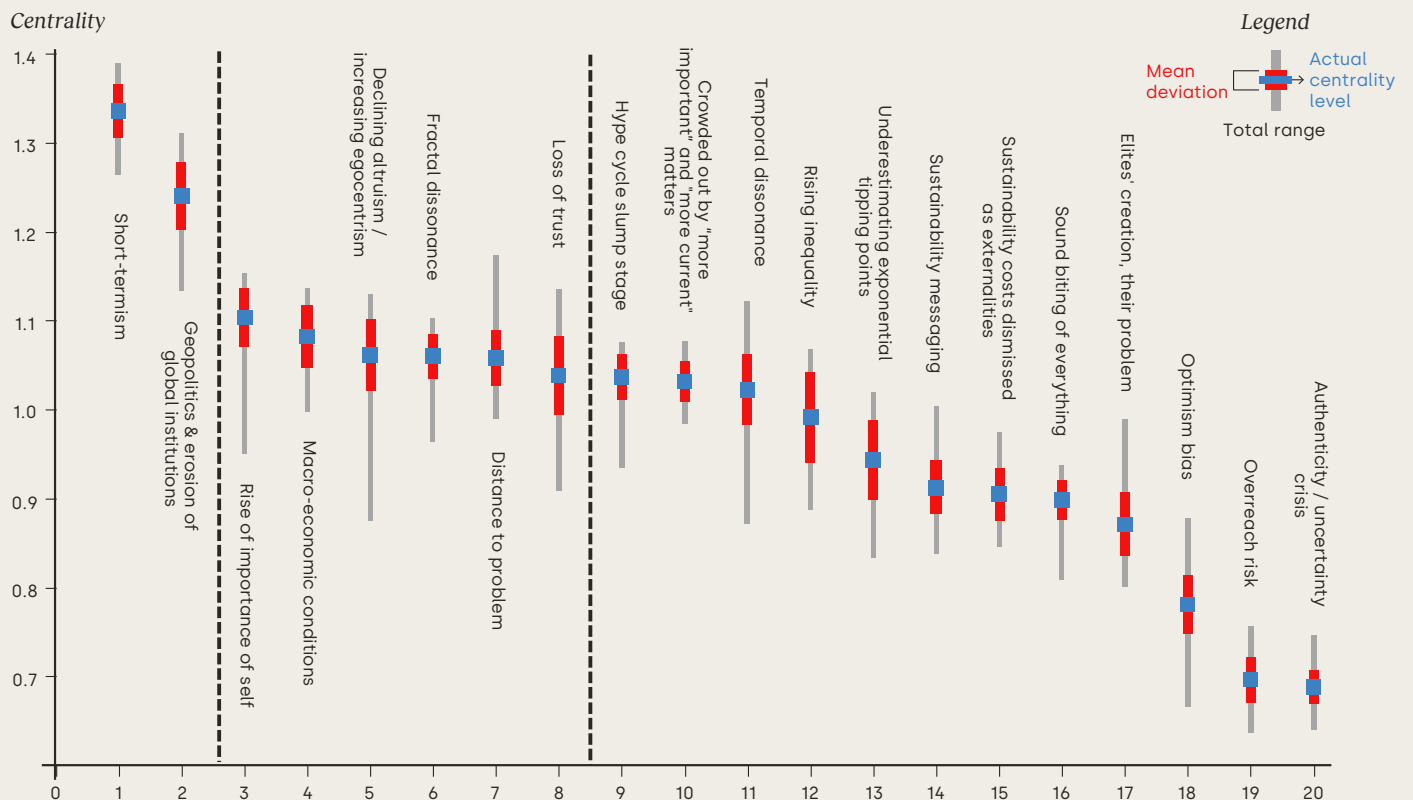
As shown in Figure 6, the most influential risk facing the sustainability agenda is short-termism. Short-termism is at the center of the risk network, significantly influencing all other risks, in descending order from it. For example, short-termism, directly and indirectly, leaves the sustainability agenda more vulnerable to crowding out by "more important" matters, and leaves people more likely to underestimate exponential tipping points.

Geopolitics and the erosion of global institutions is the second most influential risk, with a strong influence over inter alia loss of trust, macroeconomic conditions, and rising inequality.

Other highly influential risks include:

- Rise of importance of self
- Macro-economic conditions
- Declining altruism / increasing egocentrism
- Fractal dissonance
- Distance to problem
- Loss of trust

Figure 6: The most influential risks for the sustainability agenda



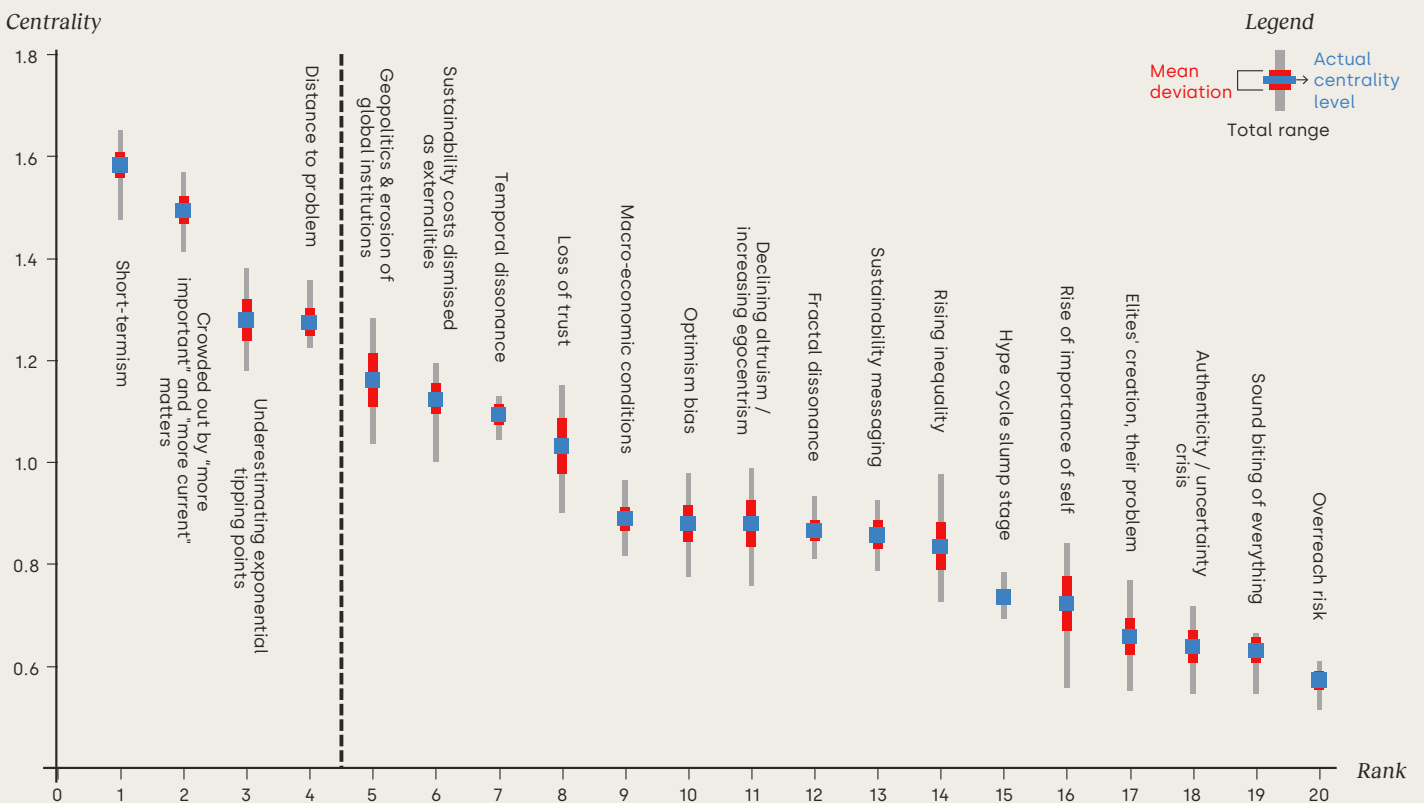
The second set of risks to factor into our analysis and prioritization as part of a holistic approach to mitigating risk to the sustainability agenda are the most *vulnerable* risks. These are the risks most influenced by other risks – in other words the risks most subject to being triggered or made worse because of changes elsewhere in the risk landscape.

As depicted in Figure 6, short termism is also the most vulnerable risk. All other risks exacerbate it, directly or indirectly. For instance, both temporal dissonance (a disconnect between our internal sense of time and the pace of change in the world around us) and a challenging macro-economic climate can lead us to make decisions focused on the short-term.

Other highly vulnerable risks facing the sustainability agenda, in ascending order, include:

- Distance to problem
- Underestimating exponential tipping points
- Crowding out by "more important" and "more current" matters

Figure 7: The most vulnerable risks to the sustainability agenda



Key levers for protecting and accelerating change

Based on the analysis carried out, short-termism emerges clearly as the most influential risk for the sustainability agenda. But it is also the one most vulnerable to influence from other risks – which means addressing it in and of itself is not an effective way forward. Any strategy for protecting and accelerating progress toward a world in which 9+ billion people live well, within planetary boundaries must consider the full set of most influential and vulnerable risks.

Additionally, as we seek to prioritize the most impactful levers for keeping sustainability on course, it is also important to recognize that organizations like WBCSD and the broader business community face limitations in terms of the risks they are best equipped to address. The most influential and most vulnerable risks facing the sustainability agenda fall into several categories. Some are political and economic conditions, others are social and cultural trends, while others are cognitive-behavioral traits. Broad-based political, economic, social, and cultural conditions are difficult for business to change on its own. In contrast, we can, immediately and directly, shape the mindsets and behaviors of the people we interact with every day. This would suggest that cognitive-behavioral risks will be powerful and immediately impactful areas for organizations like WBCSD and its member companies to focus on.

With this in mind, we emerge with the following list of risks which sit at the top of the influence analysis, are systemically relevant in terms of vulnerability, and also represent areas over which WBCSD and its members can exert direct and meaningful control:

- **Short-termism:** Making the case that our current obsession with short-term performance is putting the long-term prosperity of our civilization at risk and designing systems that reward value creation, not value extraction.
- **Distance to problem:** Bringing business leaders and managers closer physically, intellectually, and emotionally to sustainability challenges while also bringing new voices and perspectives into the boardroom.
- **Fractal dissonance:** Helping business leaders understand how they impact and depend on others and on the parts of a complex system of interconnected, interdependent factors.
- **Underestimating existential tipping points:** Working with scientists and communicators to bring ecological realities to life for business leaders.



Learning to *Manage Risk*



04.

04. Learning to Manage Risk

The Dynamic Risk Assessment conducted for WBCSD by KPMG reveals a complex, interconnected network of risks that threaten continued progress of the global sustainability agenda. While it is important to understand this full landscape and develop strategies to respond to it holistically, not all risks are equally actionable by business. Some are rooted in geopolitical, economic, and cultural dynamics that sit largely beyond the direct control of individual organizations.

Many of the most influential risks, however, are cognitive and behavioral in nature. Risks such as short-termism, distance to problem, fractal dissonance, and the underestimation of systemic tipping points sit at the heart of the risk network, acting as powerful mitigants and amplifiers of others. As both highly influential and highly systemic, vulnerable risks, they represent critical leverage points - and are areas where business, and WBCSD, are well positioned to focus their efforts.

This insight points to a clear conclusion: progress on sustainability will depend not only on technical solutions, capital allocation, or policy alignment, but on sustained shifts in mindsets, skills, and behaviors. Keeping sustainability on track, it seems, is not primarily a technical challenge, but also a behavioral one. Learning – and the ability to continuously learn, unlearn, and relearn – emerges as a key component for any risk management strategy to protect and accelerate the direction of travel on sustainability.

Business is well placed to act. Companies have a unique capacity to shape how people think and act every day: through leadership norms, incentives, governance, training, decision-making processes, and the narratives that define success. By influencing their own employees and leaders, as well as connecting with suppliers, partners, customers, and policymakers, businesses can help counter short-termism, reconnect decision-makers to real-world impacts, and strengthen systems thinking across value chains.

For its part, WBCSD is committed to advancing this agenda through its **education and capacity-building work**. By convening leading thinkers, partnering with academic and learning institutions globally, and embedding behavioral insights across its programs, WBCSD will support its members in translating insight into action. Through these efforts, we hope to ensure that learning becomes a practical and scalable pathway through which business can address the most influential risks to sustainability and help accelerate the transition toward a more resilient, inclusive, and sustainable future.



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