

The Sustainability Brief

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zmh
advisors

From Ambition to Implementation: Davos Signals a More Practical Era of Sustainability

At the World Economic Forum's 56th Annual Meeting in Davos, sustainability discussions reflected a clear transition: the focus is shifting from broad ambition to pragmatic implementation under real-world constraints.

Climate remains critical, but the 2026 conversation broadened toward water security, AI's environmental footprint, adaptation, and industrial policy, signaling a more operational phase of sustainability strategy.

01.

Water Moves to the Center of Economic Risk

Davos 2026 was widely referred to as the "Year of Water," ahead of the UN Water Conference later this year. Leaders emphasized that water stress is now an economic stability issue, not only an environmental one. With nearly 30% of global GDP projected to face high water stress by 2050, water risk is entering mainstream financial and supply chain discussions.

Key developments included:

- Launch of the "Get Blue" initiative to scale financing for water and sanitation
- Acceleration of the Blue Economy, including low-carbon food sources such as fish and algae
- Expanded partnership with the Water Resilience Coalition to advance corporate water stewardship

What This Means for Companies

Water risk is moving from sustainability disclosure to enterprise risk management:

- Water exposure mapping across operations and suppliers is likely to gain traction
- Site selection, procurement, and insurance costs will increasingly reflect water risk
- Investors and regulators are likely to treat water resilience similarly to climate transition risk

02.

Adaptation and Resilience Gain Strategic Priority

While mitigation remains important, 2026 conversations emphasized adaptation as a business continuity issue. The corporate narrative is shifting: sustainability is being framed less as voluntary ambition and more as infrastructure protection and supply chain security.

What This Means for Companies

Physical climate risk management is moving into core strategy:

- Companies may face greater scrutiny on facility resilience and asset exposure
- Insurance availability and pricing will increasingly depend on adaptation measures
- Investors are focusing on how companies manage physical risk, not just emissions targets

03.

The AI–Environment Nexus Becomes a Board-Level Issue

A central discussion in Davos focused on the environmental cost of AI growth. WEF analysis highlighted that global data center electricity use could reach 945 TWh by 2030, exceeding today's combined consumption of Germany and France. AI development is also intensifying water demand for cooling. This shifts AI from a digital strategy topic to a sustainability governance issue.

What This Means for Companies

AI governance is expanding beyond ethics into environmental oversight:

- Boards should integrate AI-related energy and water impacts into risk oversight
- Companies operating data-intensive systems may face new disclosure expectations
- Procurement teams may need to evaluate the environmental performance of cloud and AI providers
- "Green AI" practices will increasingly influence investor and stakeholder scrutiny

04.

Disclosure, Nature, and Industrial Policy Reshape the Landscape

2026 is emerging as a "Year of Disclosure," with more jurisdictions enforcing mandatory sustainability reporting. Asia is becoming a hub for supply chain due diligence laws, while discussions reinforced that transitioning to a nature-positive economy could unlock \$10 trillion in annual economic value by 2030¹.

Momentum in corporate climate action continues: the Science Based Targets initiative (SBTi) has now validated targets for 10,000 companies, representing more than 40% of global capitalization, signaling sustained global engagement.

What This Means for Companies

Sustainability strategy is increasingly tied to capital access and market positioning:

- Companies will need to align nature, climate, and supply chain disclosures under expanding regulatory frameworks
- Industrial policy may reshape investment decisions and regional footprints
- Science-based target adoption is becoming a mainstream market expectation, not a differentiator

¹Source:

<https://www.weforum.org/stories/2024/07/theres-10-1-trillion-in-nature-positive-transition-heres-how-we-unlock-it/>

The Overarching Strategic Signal from Davos

Sustainability is entering a phase defined by implementation, risk management, and economic resilience. The conversation is less about distant ambition and more about operational readiness under planetary and geopolitical constraints.

Organizations that integrate water risk, AI governance, adaptation planning, and coalition-based transition strategies into core decision-making will be better positioned as sustainability expectations continue to converge with financial and operational performance.

Strategic Advisory for High-Stakes Shareholder Engagement

ZMH helps companies turn sustainability into a strategic advantage cost-effectively by aligning disclosures with what investors actually prioritize—not just regulatory mandates or peer benchmarks.

We combine:

Human Expertise: 20+ years of corporate governance, ESG, and activism advisory experience

AI-Powered Intelligence: Real-time tracking of your specific shareholder base—their voting patterns, engagement priorities, and disclosure expectations

Our approach integrates peer benchmarking, materiality assessment, climate strategy, and regulatory framework alignment with expert reporting, ratings optimization, and investor messaging. The result is decision-useful, credible sustainability communications that strengthen governance, improve market perception, and support long-term value creation.

The result? Data-driven precision in everything from sustainability reporting and proxy season preparation to high-stakes activism defense and board advisory.

Whether you're aligning sustainability disclosures with investor expectations, preparing for proxy season, or navigating shareholder activism, ZMH helps you engage strategically—not reactively.

Contact us at info@zmadvisors.com to schedule a conversation.

Learn more about us at www.zmadvisors.com