# STRATEGIC SUSTAINABILITY

## FROM URGENCY TO IMPACT, DRIVING SUSTAINABLE VALUE CREATION

CEDEP WHITEPAPER

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# 01 INTRODUCTION

According to recent reports, business leaders are failing to embed sustainability into their businesses[1] Despite ambitious corporate commitments to the Paris Agreement, a recent study[2] of 4,618 sustainability reports found that companies with the most aggressive sustainability claims often exhibit higher emissions growth. This paradox highlights the urgent need for a new approach; one that moves beyond reporting to strategic integration.

The good news: long-term environmental objectives are still favored by all stakeholders: investors are increasingly pricing carbon in their analysis[3], governments and states are committing to transition to a carbon-less economy, companies of all sizes around the world are starting to consider biodiversity as a major stakeholder and many new consumers and citizens continue to demand safe and healthy products for themselves and for the environment as well.

Sustainability-driven strategies are recognized as key drivers for long-term value creation, impacting future free cash flows by enabling cost savings through improved resource management, mitigating risks by addressing climate-related challenges in company operations, and even unlocking opportunities to create new markets.

In this context, it is difficult to distinguish companies that are reacting to pressure from those that have decided to integrate sustainability as a core topic of their strategy.

Existing extra-financial reports are limited and often considered as a compliance exercise or a communication exercise. There are indeed increased discussions about the relevance, complexity and high cost of those reporting imperatives. Moreover, it is often forgotten that these reporting requirements are first meant to measure progress (with facts and data), and barely integrate strategic dimensions such as value creation or unbiased impact analysis.

The following document provides the insights gathered from the Sustainability Strategy Barometer developed from 2023 publicly disclosed data of CEDEP members[4] and selected clients that are all global multinationals, operating in different continents. It provides a holistic view of the maturity of their integration of sustainability within their core strategies.

This work has been further developed in 2024, resulting in a comprehensive and complete strategic tool: the **Sustainability Strategy Barometer (SSB)**.

*[1]https://www.bain.com/insights/topics/ceo-sustainability-guide/*
*[2]https://www.sciencedirect.com/science/article/pii/S0378426624001080?ref=pdf_download&fr=RR-2&rr=8839222c185674da*
*[3]https://onlinelibrary.wiley.com/doi/10.1111/jofi.13272*
*[4]https://www.cedep.com/*



**After explaining the concepts underlying the barometer, we will present the learnings and main insights.**

## Why a Sustainability Barometer at CEDEP?

CEDEP thrives to empower leaders to navigate an ever-changing business world and shape organizations for a more sustainable and positive impact.
Its agenda is driven by the challenges of its members. CEDEP provides a unique space to challenge conventions and to foster collaboration by bringing together a diverse ecosystem of members, clients, faculty and industry experts.

This work served as the foundation for a presentation and group work at the 2024 CEDEP Faculty Day "Developing Leaders for Sustainability" with the goal of equipping our faculty to better support leaders in their transformation journeys.

The Sustainability Barometer was developed to gain a well-informed, deep understanding of the sustainability strategic maturity of CEDEP's members and clients.
It complements the existing ESG approach favored by investors to assess risks to offer a view on concrete actions not captured by metrics or surveys.

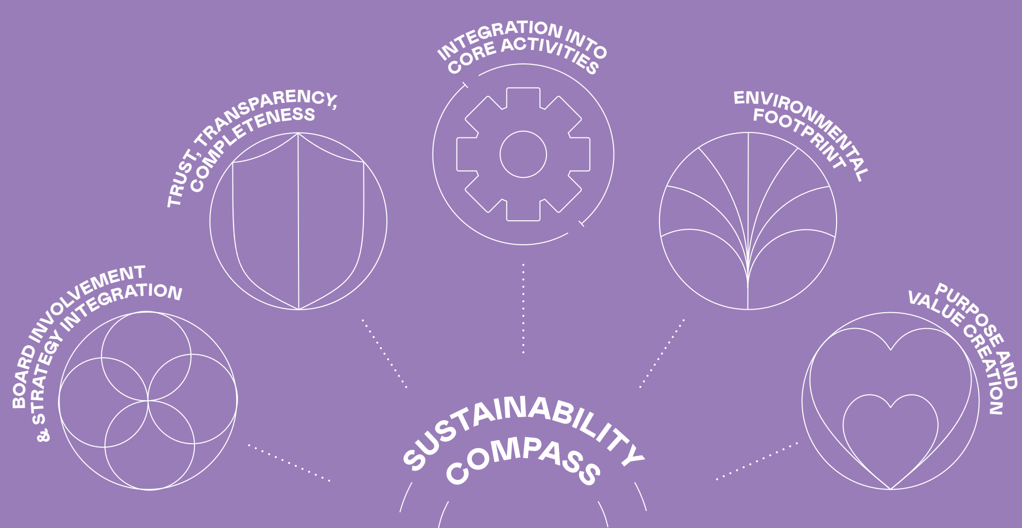
It has been further improved and enhanced with AI to result in a comprehensive and complete strategic tool which prompted true conversations with the members and clients, uncovering blockers and levers and highlighting numerous examples of experiments. It also provided a map of the ecosystem, as shown in this paper.

# 02
# ABOUT THE SSB

The Barometer is not another ranking system. Instead, it serves as a roadmap, providing guidance to large organizations transitioning from basic compliance to genuine sustainability leadership.

It was developed holistically using publicly available information, interviews with expert stakeholders and research from the Stockholm Resilience Center on the Planetary Boundaries, as well as the work of the IPCC[5] and IPBES[6]. The methodology is closely aligned with the EU Taxonomy frameworks that led to the SFDR[7] and CSRD[8] directives and the European Sustainability Reporting Standards (ESRS). It is also compatible with the work from ISSB[9].

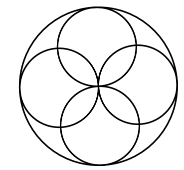
The Barometer evaluates companies on a detailed micro-level across **five pillars**, illustrated below, generating scores that build a comprehensive performance profile. These scores serve as the foundation for tailoring strategic roadmaps, enabling companies to pinpoint specific areas for improvement and track their progress over time.




[5] IPCC: Intergovernmental Panel on Climate Change, https://www.ipcc.ch/
[6] IPBES: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, https://www.ipbes.net/
[7] SFDR: Sustainable Finance Disclosure Regulation, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088
[8] CSRD: Corporate Sustainability Reporting Directive, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464
[9] ISSB: International Sustainability Standards Board, https://www.ifrs.org/groups/international-sustainability-standards-board/

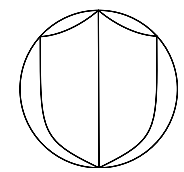


## The five pillars of the Strategy Sustainability Barometer



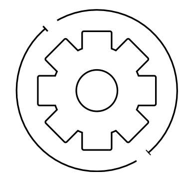
**BOARD INVOLVEMENT & STRATEGY INTEGRATION**

How sustainability topics are integrated with decision making at the board level and within the growth strategy of the company



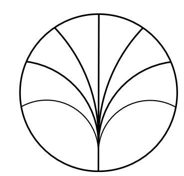
**TRUST, TRANSPARENCY, COMPLETENESS**

How is sustainability data disclosed, audited and incentives aligned with disclosed targets



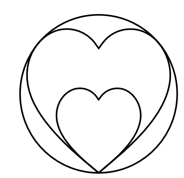
**INTEGRATION INTO CORE ACTIVITIES**

What actions are taken to reach the set targets and what is the trend year on year



**ENVIRONMENTAL FOOTPRINT**

What is the complete environmental footprint of the company



**PURPOSE AND VALUE CREATION**

How the company creates value beyond the financial axis

## Based on the scores obtained from the five pillars we can map companies in one of four categories:

### 1. EMERGING ADOPTERS

Emerging Adopters are responding to market and investment pressure and integrating sustainability by disclosing and reporting what is expected from them jurisdiction per jurisdiction. Sustainability practices have not yet impacted operations and the value proposition. They exploit resources of all forms.

### 2. INTEGRATIVE PRACTITIONERS

Integrative Practitioners are integrating sustainable practices to increase their efficiency and optimize their operations and costs. They have started exploration to reshape their offerings and products.

### 3. STRATEGIC INNOVATORS

Strategic Innovators are companies that leverage sustainability as a core element of their business strategy. Sustainability drives innovation, opens new markets, and is integral to the company's competitive advantage. It drives value creation.

### 4. VISIONARY PIONEERS

These companies have embedded sustainability at the very heart of their purpose and mission. They not only lead their industry but also influence and shape broader societal and environmental agendas, creating long-term value beyond financial performance.

# 03
# KEY INSIGHTS FROM THE STUDY

## The sustainability maturity landscape

According to the data, the wide performance variation within each pillar rather than across entire categories suggests that organizations are progressing at different speeds depending on their industry and strategic priorities.
This reinforces the need for **customized roadmaps rather than a one-size-fits-all approach to sustainability**.

The findings highlight that **even leading companies must address critical blind spots** to move towards true sustainability leadership, requiring more comprehensive data transparency, governance oversight, and systemic engagement across supply chains and ecosystems.

**Another striking insight is that, as of today, no company has surpassed a 70% score in any sustainability pillar**, underscoring systemic challenges from our members in fully integrating sustainability into business strategies.
While **Strategic Innovators** demonstrate an ability to align sustainability with core operations, gaps remain in Scope 3 emissions management, biodiversity integration, and circular economy adoption.

About half of the companies surveyed pertained to the category strategic innovators but none of them can be considered as visionary pioneers yet.



### 1. Board involvement & Strategy integration: The Board matters

From the overall score data, it is evident that organizations with dedicated sustainability committees, clear ESG-linked targets, and board-level oversight are more likely to generate sustainability-driven innovation and performance.
The findings reinforce the **critical role of board leadership in embedding sustainability into business strategy**, suggesting that companies seeking to progress must prioritize governance reforms, training, and accountability mechanisms.

**Capital markets are starting to screen for double materiality in EU-CSRD filings while China is testing the concept.**
**Companies that cannot show the link between strategy, material risk, and remuneration will look reactive, losing the cost-of-capital advantage that "leaders" have begun to enjoy.**

### 2. Trust & Transparency, Completeness: Climate disclosure is becoming hygiene, more progress to be done especially off-carbon

Climate disclosure is becoming hygiene: every company now publishes Scopes 1 & 2 and most publish Scope 3 categories. But when we move off-carbon the data evaporates—biodiversity, circularity and even water disclosure are patchy or absent in 10+ firms.

From the overall score data, it is evident that companies with external assurance, granular reporting, and proactive stakeholder communication build higher trust and transparency.

The findings emphasize that data quality and disclosure maturity are crucial enablers for progress in sustainability performance.

Yet, we observe a **lack of data across most environmental dimensions.**
Data completeness is weak in water disclosure, biodiversity, waste and inbound resources.

**To advance, organizations must prioritize third-party validation, enhance ESG-linked financial disclosures, and ensure data comprehensiveness across all environmental and social impact areas.**

## 3. Integration into core activities: Companies must move beyond operational efficiency and commit to systemic change

From the overall score data, it is clear that companies leading in sustainability have well-defined pathways for reducing carbon emissions, optimizing resource use, and engaging in ecosystem restoration efforts. However, even top performers show room for improvement in fully integrating biodiversity and ecosystem protection.

The findings emphasize that companies must move beyond operational efficiency and commit to systemic change by embedding sustainability in product design, supply chain management, and business model transformation.

**To advance, organizations should set science-based targets for Scope 3 emissions, integrate circular economy principles, and strengthen partnerships for nature-positive solutions.**

**Decarbonisation actions are widespread but the companies that have the best score also score < 50% on value-chain, employee-training or biodiversity levers.**

**The easiest efficiency wins (energy, logistics) are being captured; the next EBITDA upside is in supplier co-investment, product circularity and biodiversity-positive design—areas where today's gaps are largest.**

## 4. Environmental footprint

Even high-performing companies struggle with supply chain transparency and the indirect impact of their products and services.

The findings highlight that Scope 3 emissions remain a critical blind spot across industries, particularly those linked to customer use and disposal of products.



## Environmental Factors by Sub-Dimension (Anonymised)

Organisations reviewed perform poorly across the board on biodiversity data completeness

4.1 DECARBONATION AND ENERGY MANAGEMENT IS VERY MUCH HAPPENING

As illustrated in the data maturity dashboard above, almost all companies have embarked on a decarbonation journey with different levels of maturities. While almost all companies have their scope 1 and 2 well managed, few cannot yet or choose not to disclose their energy consumption, while others are investing in their supply chain to help their suppliers with decarbonation training. There is a willingness to curb the emissions illustrated by having SBTi approved targets and a good 'grade' from CDP seen as a notable sustainability linked action from companies.

The next set of challenges are acting on the Scope 3 downstream and the emissions linked to the product usage.

The average score for Integration in Core Activities for Energy is 86% while the average score for Integration in core activities linked to GHG Emission reduction is 63%.

4.2 RESOURCE MANAGEMENT AND CIRCULAR ECONOMY IS ON THE OTHER HAND JUST NASCENT

Several companies have started to use Life Cycle Analysis and Eco-Conception methodologies to design new products but have yet to standardize the approach to all their products. All companies are fairly mature in recycling or reusing their waste to avoid having the waste sent to landfill aligning with EU Landfill Waste regulation.

However, just like GHG Scope 3 data, the management of inbound resources is very rarely disclosed and practices are not documented.

The average score for Data Completeness on Input Materials and Circular Economy is 17% while the Integration in core activities of Circular Economy is 57%.



4.3 BIODIVERSITY AND WATER ARE NOT YET ACTIVELY TAKEN INTO ACCOUNT AS PRIORITY

Most companies are promoting better water management by innovating in how water is reused, recycled and how water withdrawal can be reduced. Nevertheless, even if several of them have targets to reduce water usage, several companies have not managed to decorrelate their production growth to the water usage resulting in more water being used despite targets announced to reduce it.

The most advanced companies participate in CDP for Water and have decided to integrate the working groups of SBTN[10] and TNFD[11] to learn on how to integrate biodiversity in their strategy.

Taken in its entirety the average score for Biodiversity is 34% and for Water is 48%.

**To advance their environmental footprint, companies must invest in full life-cycle assessments, integrate sustainability criteria into supplier relationships, and set concrete targets for reducing indirect environmental harm. Leadership in this pillar requires a proactive approach to ecosystem restoration, carbon offsetting, and developing circular economy solutions to minimize long-term environmental impact.**

*[10]SBTN: Science Based Targets Network, https://sciencebasedtargetsnetwork.org/*
*[11]TNFD: Taskforce On Nature-related Financial Disclosures, https://tnfd.global/*

## 5. Purpose and Value Creation

### Value Creation and adopting the right mindset are the only way forward

All companies acknowledge that sustainability is changing their customer landscape as well as impacting their future free cash flow. For some it can help drive revenue but for all companies it is assimilated as a risk to be managed.

Only four companies out of our sample show an explicit sustainability-linked purpose and can point to new revenue or impact-fund vehicles. These “Strategic Innovators” are already using the purpose narrative to win talent, create products to address new needs from their customers linked to sustainability and secure their licence-to-operate. Others risk being seen as late movers once the market pivots from storytelling to demonstrable impact.
All “Strategic Innovators” have also leveraged sustainability linked bonds to finance internal sustainability initiatives.

When mapping the category of a company with its number of employees and revenues, it might seem clear at first that Strategic Innovators appear to be the largest companies. However when zooming in, we notice that it is harder to draw conclusions. Intellectually it might seem obvious that a company with the largest revenue has more resources to allocate to sustainability but we have uncovered data points that illustrate the story is not that simple. When mapping the categories related to the number of their employees and revenue, it appears that in the cluster of smaller companies you can also find ‘Strategic Innovators’.

**It shows that integrating sustainability is not just for companies that can afford it — it’s a mindset.**



# The importance of the Board

The data is clear, the pillar that sets the tone for a well-thought and integrated sustainability strategy is Pillar 1: Board Strategy and Involvement. Even more important is the Board sub-pillar that appears to define the sustainability strategy and targets but influence the level of transparency and influence integration of sustainability actions inside operations.

A key takeaway is that for companies looking to improve and invest their limited resources, it is important to start at the Board level.

1. ELEVATED BOARD OVERSIGHT
A dedicated board committee or at the very least one of the board members with demonstrated ESG expertise.

2. DETAILED PUBLIC STRATEGY
Linking sustainability to new product lines, industry initiatives, and overall corporate growth.

3. HOLISTIC MATERIALITY & STAKEHOLDER ENGAGEMENT
Moving from single to double materiality, involving all relevant stakeholders.

4. SPECIFIC, SCIENCE-BASED TARGETS
Covering multiple environmental dimensions with near-term milestones and external validation.

As illustrated in the 2024 joint paper from the World Economic Forum and BCG entitled "The Cost of Inaction: A CEO Guide to Navigating Climate Risk", climate-risk governance shortcomings can put **5-25% of EBITDA at risk by 2050** (Cost of Inaction pp. 13-14); the same paper explains that "climate risk should sit with the board and ExCo" (p. 44). It is also noted that top environmental performers enjoy - 18bp WACC.



# What makes Strategic Innovators ahead of the game?

1. THEY INVEST IN SPECIFIC ACTIVITIES
Initiatives like decarbonization funds, supplier training, and measurable year-on-year improvement in energy or resource consumption correlate with moving towards Strategic Innovators.

2. THEY CREATE VALUE OUTSIDE OF THEIR DIRECT ECOSYSTEMS
Strategic Innovators usually have a clearly stated purpose linked to sustainability and measure value creation beyond financial returns. These companies are often innovating products and services for sustainable markets and may be taking initial steps to protect biodiversity. They have created foundations, impact investment funds or donate openly to charitable organizations.

3. THEY DISCLOSE AND CHECK THEIR DATA
Strategic Innovators bring a comprehensive disclosure of environmental data consolidated but often at a more granular level (per business unit, per geography or even both) and often third-party verified data.

4. THEY UNDERSTAND THEIR ENVIRONMENTAL FOOTPRINT
Strategic Innovators have a great understanding of their environmental footprint and tend to have a heavy direct environmental footprint.

5. BIODIVERSITY IS CRUCIAL
Strategic Innovators have started actions to help biodiversity 'regeneration' and at least document their actions impact on biodiversity.

# 04
# RECOMMENDATIONS

Based on our research, there are seven principles guiding a sustainable company, which can serve as a guide to find your own path on the sustainability journey:

## 1. A PURPOSE ALIGNED WITH POSITIVE IMPACTS

The company has a clearly defined and articulated purpose that aims to create social and environmental value and explicitly commits to protecting the well-being of future generations.

This purpose recognizes the interconnected impacts of every action on the environment, biodiversity, and society, including equity and human rights.

## 2. A GROWTH STRATEGY ALIGNED WITH PURPOSE

The company pursues growth through products and services that minimize environmental harm, integrate a life-cycle approach, contribute positively to biodiversity, and enhance human well-being.

Growth is balanced with the current planet's limits and societal needs and supports inclusive prosperity, prioritizing fair labor practices, and community empowerment alongside environmental protection.

## 3. ACTIONABLE DOUBLE MATERIALITY

A sustainable company assesses both:

- The risks posed by environmental and social changes to its operations,
- Its impacts on the environment, society, and economy.

Thresholds are defined based on science-based targets, planetary boundaries, and stakeholder engagement. These assessments and thresholds are reviewed periodically, ensuring that the company adapts and responds to changing environmental and social dynamics.

## 4. A MEASURED AND MANAGED ENVIRONMENTAL FOOTPRINT

The company quantifies its environmental and social footprint, actively works to reduce it, and transparently communicates progress.

The company targets regenerative outcomes—such as restoring habitats, improving soil health, or achieving net-positive water impact—beyond simply reducing harm.

## 5. VALUE CREATION BEYOND FINANCIAL METRICS

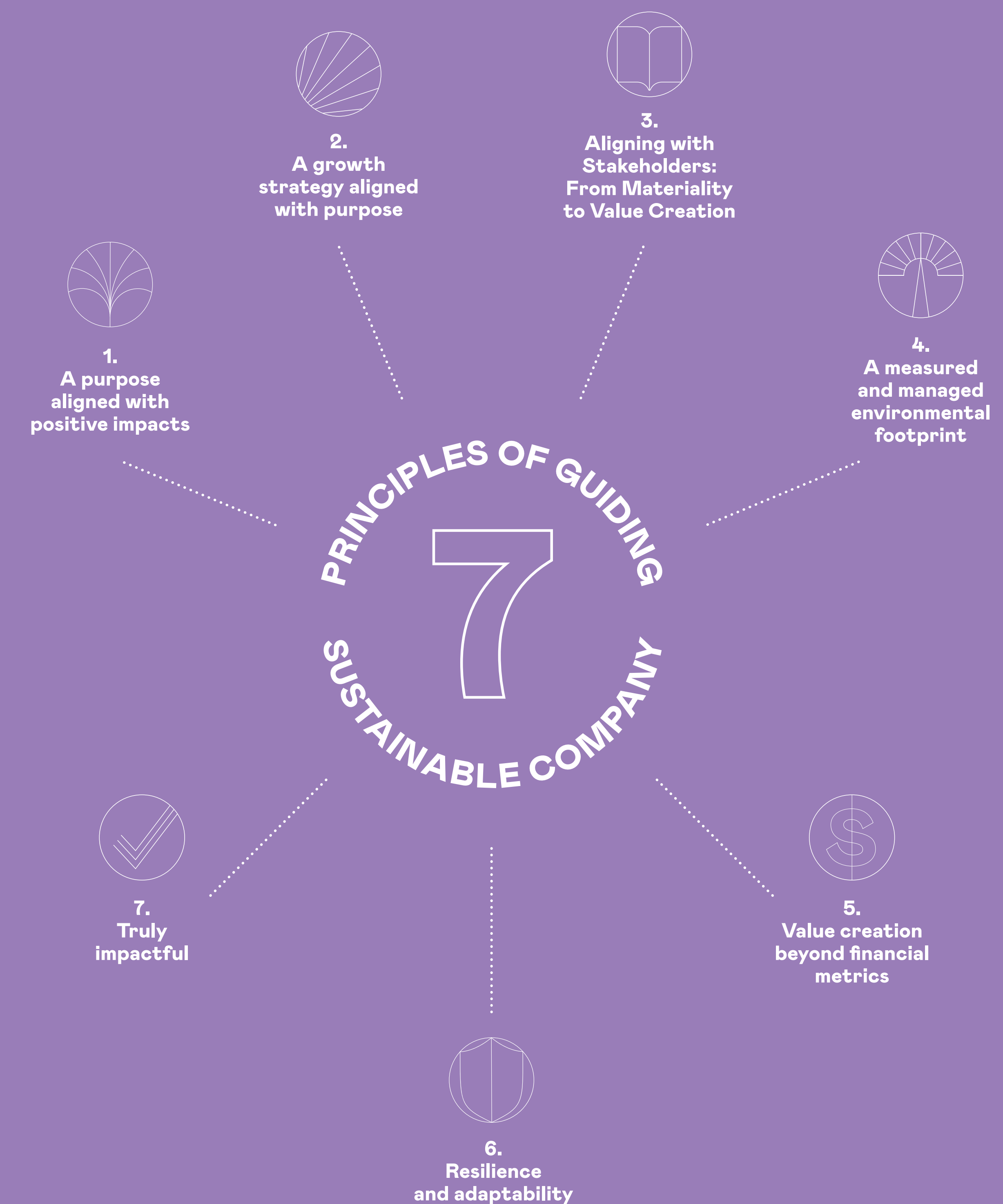
The company generates holistic value by contributing to environmental restoration, social equity, employee well-being, and community resilience, alongside financial performance. Value creation aligns with the organization's purpose and is tracked through robust metrics. Value creation is measured over a long-term horizon, ensuring that short-term profits do not undercut environmental or social well-being with indicators reflecting empathy for employees, communities, and ecosystems.

## 6. RESILIENCE AND ADAPTABILITY

Resilience is at the core of the business model, ensuring the company can continue to innovate, care for stakeholders, and protect the planet under changing conditions. Resilience starts by generating profits and ensuring future free cash flow but also involves community partnerships, workforce engagement, and ethical supply chains, acknowledging that genuine resilience is social, ecological, and financial.

## 7. TRULY IMPACTFUL

A sustainable company demonstrates measurable, positive outcomes that lead to impact. It leads systemic change through advocacy, open-source innovations, policy dialogue, and cross-industry coalitions. It fosters collaboration to address global challenges and creates the right incentives for its employees, executives and shareholders. Impact is continually assessed, leading to iterative improvements, innovations, and collaborations that build lasting solutions and cultural shifts.








## More pragmatically, some strategic moves can be undertaken to integrate sustainability at the core of a successful strategy:

| | Quick wins (0-12 months) | Structural move (12-36 months) |
|---|---|---|
| GOVERNANCE | Mandatory science-based training for all directors; quarterly ESG dashboards at board level | Link ≥ 20% of long-term management incentive plans to at-risk sustainability KPIs |
| MATERIALITY & TARGETS | Publish double-materiality matrix and short-term (≤ 3 yr) science-based targets for every material topic | Integrate financial planning with internal carbon/nature prices that ratchet annually |
| INTEGRATION & VALUE CHAIN | Launch supplier decarbonisation sprint (data request + pilot fund) | Embed circular-design principles (LCA, eco-design reviews) into stage-gate R&D |
| DATA & ASSURANCE | Expand third-party limited assurance from GHG to water & waste | Move to reasonable assurance across all ESRS indicators; adopt digital product passport |
| PURPOSE & INNOVATION | Frame one flagship "positive-impact" product line with quantified avoided emissions | Establish standalone impact fund/venture studio aligned to purpose and biodiversity restoration |

# 05
# CONCLUSIONS

## We would like to leave our reader with the main insights drawn from our research:

GOVERNANCE IS FOUNDATIONAL
Strong board oversight, committees, and trained directors (Pillar 1) catalyze progress.

TRANSPARENCY DRIVES TRUST
Pillar 2 underpins stakeholder confidence.

INTEGRATION MEANS GOING BEYOND CARBON
Companies need to address biodiversity, water, and circular economy with rigor.

ACTUAL FOOTPRINT MATTERS
Pillar 4 underscores the importance of measuring absolute environmental impact.

PURPOSE DRIVES VALUE CREATION
Companies that anchor ESG in corporate mission and product innovation differentiate themselves by having more sustainability linked actions embedded in their activities.

Ultimately, sustainability is not just about policies, regulations, or corporate strategies—it is about people. As humans, we all strive to flourish, and it is within our collective power to act. Every decision, from the boardroom to the supply chain, is made by individuals who can choose to drive meaningful change. Our role is to facilitate and accelerate these actions, ensuring that sustainability is embedded not just in corporate frameworks but in the daily choices of those who lead and operate businesses.



## About the author

Arnaud Blandin helps board members, executives, and tech entrepreneurs embed sustainability into their growth strategies.

As the founder of the Beyond Institute, he has pioneered methods to identify and quantify the environmental and social impacts of human activities.

With a robust background in engineering, starting his career contributing to NASA's Mars rover mission, Arnaud has over 20 years of experience in business strategy and growth for technology companies globally.

He has successfully integrated sustainability into the core strategies of Fortune 500 companies, private equity firms, and startups.

Arnaud is a sought-after educator, serving as visiting professor and guest lecturer at institutions like INSEAD, HEC Paris, Singapore Management University, SKEMA, and CEDEP, where he acts as lead Faculty on Sustainability.

This work would not have been possible without the invaluable contributions of CEDEP faculty members and a dedicated team of experts who have brought fresh perspectives on what sustainability truly means. Their insights and expertise have been instrumental in shaping this research and advancing our understanding of corporate sustainability.

I extend my sincere gratitude to:

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Academic Partnerships Director, Sustainability Project Lead, CEDEP

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Business and Innovation Coach for Entrepreneurs

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Dean of Faculty & Research, Adjunct Professor of Information Systems and Operations Management, HEC Paris

**Stewart Pickering**
Sustainability Data Visualization Specialist

**Cate Valentine**
Senior researcher in responsible leadership, CEDEP

Their expertise and commitment have enriched this work, ensuring that it not only assesses sustainability through a rigorous analytical lens but also challenges conventional approaches to drive meaningful transformation.

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## ABOUT CEDEP

CEDEP is an independent not-for-profit executive education club providing a unique and safe space for global leaders to reflect, explore, collaborate, peer-learn, grow, and succeed. It is co-run by its international members from diverse and non-competing industries who understand the value of building long-term relationships and tackling real-life business challenges within a collaborative learning community.

CEDEP empowers leaders to shape organisations for a more sustainable and positive future with transformational leadership development programs and learning experiences, co-designed with its academic team, members, clients, and non-resident faculty from the world's top business schools.

For more information, visit www.cedep.fr