Reframing Sustainability

A practical guide to creating and protecting value and harnessing regulation

June 2025

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Foreword

The world is shifting, and the way we recognise and articulate the value of sustainability programmes needs to change with it.

With global conflict increasing and a more transactional political landscape emerging, there is a growing sense of isolationism, friction and a hard-line on commercial deal-making. These new pressures have emerged rapidly, often in conflict with one another, and they are all impacting the way we talk about sustainability programmes and our ability to accelerate investment.

It is time to reframe the conversation.

This report – backed by new research with 200 senior decision makers and in-depth interviews with sustainability leaders – considers the challenges in more detail and explores practical ways to help you reframe the sustainability conversation.

Too often, sustainability programmes have been presented as a trade-off against commercial opportunity and growth. In some cases, a short-term focus on basic compliance with regulatory demands has overshadowed the strategic advantages which sustainability can bring. Forward-looking organisations are reframing sustainability as a driver of innovation, growth, resilience and competitive advantage.

Against a backdrop of increasing cost pressures, disruptive tech and an evolving policy landscape, sustainability strategies need to both protect and create long-term stakeholder value.

From AI-enabled decarbonisation to bold new business models, the opportunities are real but need work to build out.

Critically, many business leaders recognise the benefits of more sustainable business models and services. Our research tells us that 97% of businesses believe it's important to transition to more sustainable operating models, with 95% already investing resources and capital into sustainability initiatives.

The intent and hope to deliver on investment ambitions is strong, but there are significant challenges:

Geopolitical polarisation
The geopolitical environment is increasingly volatile, complex and ambiguous. The sustainability landscape has not been immune to the shifting narratives and changing attitudes in different jurisdictions that come with it, forcing businesses to reflect on their own journeys.

Societal demand
Organisations face increasing scrutiny from customers, investors and regulators in relation to their sustainability commitments – or lack thereof. Some businesses are talking the talk, but not necessarily walking the walk, creating tension with external stakeholders.

Building a business case
The case for sustainability has rightly been built on environmental and social impact, but we have entered a new phase of the conversation – one that requires a clearer correlation between sustainable investment and commercial returns. Organisations must build stronger business cases for sustainability that looks to bridge this gap.

To step above and beyond political pressure, sustainability initiatives need to deliver more than 'doing the right thing'. They must deliver a commercial return.

Supply chain complexity
When it comes to addressing Scope 1,2 and 3 emissions or addressing the broader societal and environmental impact of an organisation, its supply chain ecosystem is crucial. But while companies have an opportunity for change, they must also wrestle with complexity, with the vast and tangled web of global multi-tier supply chains continuing to act as a barrier to progress.

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Many businesses will be taking the time to examine the implications of their multi-year sustainability programmes and investments. Some may consider pulling back, but for those who see the potential, this is the time to refocus, adapt and adjust sustainability strategies and transition plans to be better aligned to commercial goals.

While business leaders see sustainability-related investment delivering strong returns, many see these returns coming too late. I would challenge that perspective. We must look past quarterly earnings reports and think about how what we do now will be measured over the next two, five or even ten years. As leaders and custodians of some of the world's most influential organisations, we have an opportunity to realise transformational value.

Global temperatures continue to rise and so too are the number of extreme events, creating negative environmental impact, therefore negative impact on social and governance factors too, and an increasing need for adaptation.

Now is the time for organisations to take stock of their existing commitments and assess their transition journeys to not only build their commercial cases for sustainability but adapt and reinforce their existing ones too. Behind the opportunity to create new value is a foundational need to protect the value we have already created. Adaptation against the shifting sustainability landscape is key.

Whilst there are significant challenges currently, the case for sustainable action remains.

Richard Andrews,
Head of ESG,
KPMG in the UK

> "Behind the opportunity to create new value is a foundational need to protect the value we have already created."

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Chapter 1

Sustainability as a driver of commercial value

The conversation is moving increasingly away from negative perceptions of compromise and trade-offs. Forward-looking leaders have been exploring the commercial opportunities for sustainable business for some time and now we are looking to accelerate.

The shift to more sustainable business models is inevitable

Political challenge, slowing growth and the ongoing global ripple effect of AI, are all powerful distractions from the sustainability agenda, but they have not materially dampened the ambition to transition to more sustainable business models.

97% of business leaders told us it's important to fully transition their organisation to a more environmentally (and ultimately financially) sustainable business model. What's more, competitive advantage is reported to be the third most compelling driver for change behind environmental and societal impact – a clear statement that there are commercial risks, and rewards.

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Investors also recognise the strategic importance of investing in sustainable projects as economic risks of climate change become clearer. According to the Institute and Faculty of Actuaries (IFoA) the global economy could face a 50% loss in GDP between 2070 and 2090 due to "food system shocks, water insecurity, heat stress and infectious diseases."

Leading investors are getting ahead of this, such as Norway's Sovereign Wealth Fund, creating shifts in the markets and businesses they invest in, based on climate and nature risks. Their Government Pension Fund Global is modelling scenarios including ecosystem collapse in 2030. This provides growing opportunity for organisations looking for investment in more sustainable ways of doing business.

Recognising the need for change, and acting on it, are two very different things. Are these same businesses investing resources and capital to achieve their sustainability goals? 95% of business leaders say this is important. It's clear that the commerciality of sustainability is front of mind – in many ways it always has been – but we're now in a position where we can begin to thoroughly interrogate the ways in which we unlock, create and protect the value within sustainability.

> "Commerciality is at the heart of everything that we do. So, when we speak about sustainability, we talk about things that are financially material and not just nice to do or fluffy. I think it's important that people realise the difference."
>
> **Sacha Sadan,**
> Director of Sustainable Finance,
> Financial Conduct Authority

Watch Sacha's full interview

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"We see things in three pillars, the first being operational excellence. Sustainability and the use of resources need to be responsible and you can see that play out in the bottom line. The second element is positioning, a critical element of providing competitive advantage for our companies within their industries, to their customers and in the communities where they operate. The third is resilience. How do we keep those companies operating successfully in business for the longer term?"

Esohe Denise Odaro,
MD, Head of ESG & Sustainability,
PAI Partners

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For almost all businesses, commercial opportunity is a significant consideration when making decisions about sustainability with

91%

97%

of businesses believe it's important to transition to a more sustainable operating model

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Practical guidance for making sustainability a driver of commercial value

1. **Understand the opportunity in the context of your organisation**
The opportunities between organisations vary greatly based on their role in society, and the products or services they provide. So, while there is no one solution, it's important to really understand the unique opportunities within your sector or function.

Start with a PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analysis and invest in the right research to understand what is coming; whether that be market development, regulation or consumer trends.

2. **Get the board on board with a clear vision**
Investing resources and capital is part of the route to success, but it's not the only one. Engaging across the whole organisation and, in particular, getting the senior leadership on board is vital. Creating a clear vision, articulated in a strategy signed off by the board, is the first step. To do this, the board may need some focused training on current and emerging issues. Not every board member needs to have a deep understanding of ESG but the board needs to have ESG risk and its impact on long-term value creation top of mind. They need to understand which issues are of greatest risk or strategic significance to the company, how they are embedded into the company's core business activities, and whether there is strong executive leadership behind the company's response to ESG matters.

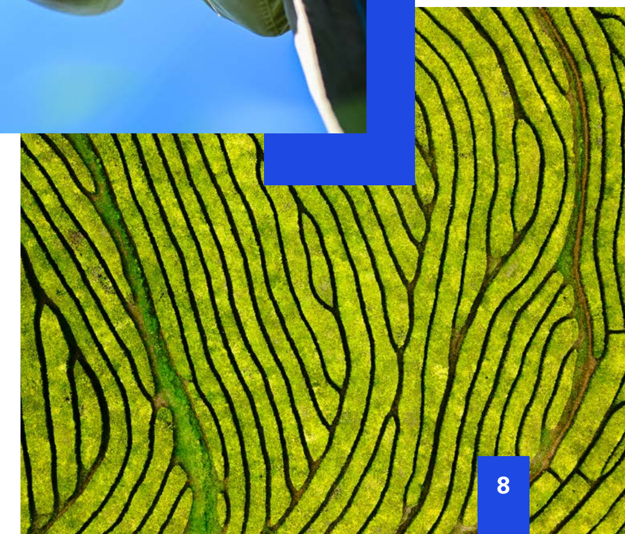
This strategy should not be stand-alone but should be embedded in the overall business strategy. Visit the 2025 ESG committee agenda for more information on how to enable boards on ESG.

3. **Make the wider business responsible for change**
All too often, the sustainability lead in a company is wholly responsible for transforming the business towards a more sustainable future and realising the commercial opportunity within that. But the challenge is they have none of the levers needed to identify and affect that commercially valuable change. Business leaders are crucial to the success of any sustainability strategy.

Unless a strategy is commercially focused on the main business of a company, it won't succeed. Leaders have many competing priorities for their time and resource. To support them, there must be clear responsibilities for each business leader and function and accountability for data collection, reporting and achieving KPIs.

To achieve that, engaging the broader business leadership team in the strategy-setting process, listening to their concerns, and supporting them in prioritising their budgets is key.

4. **Build in robust governance and accountability**
Being able to report against these targets is essential to drive the strategy and hold the business to account. Linking these targets to executive remuneration can, if done in the right way, be a driver for success.



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Chapter 2

Challenging the timeline to sustainability returns

Investing in sustainability can deliver significant returns in the short and medium term.

Our research shows that 92% of business leaders say that investing in sustainability will positively impact their commercial performance over a one-to-three-year horizon.

Historically, there was a view that sustainability investments would take decades to mature. There were also fewer and less varied sustainability-related investment opportunities too. But the world is changing rapidly – both politically and on the ground. While some macro infrastructure projects may still take time to generate positive returns, there are growing opportunities to identify real value over a much shorter timeline.

92% of businesses believe that investing in sustainability will positively impact their commercial performance and profitability in the short term (1-3 years)

98% believe in this positive impact in the longer term (5-10+ years)

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What can be done to better communicate the potential ROI?

A key barrier to delivering shorter term results is the misconception that sustainable action is purely a cost or compliance exercise, with benefits accruing only once carbon taxes bite or physical climate risks become acute. In reality, there are concrete steps companies can take today that not only advance environmental and social goals but also drive short- and medium-term value, all while positioning the business for future resilience.

When sustainability strategy is brought in line with core business goals, and supported by quality data and controls, positive financial impact can come from sustainability investments in the short- and medium-term. With the long-term political landscape laced with uncertainty, and support for sustainability in the balance, these short-term gains are an easier argument to make.

Sustainability initiatives create value in multiple ways, directly affecting the profit and loss account, strengthening the balance sheet, improving access to capital and unlocking intangible advantages.

Profit and loss improvements:

- **Higher revenues** – Consumer preferences are increasingly skewed towards brands demonstrating credible sustainability credentials. Whether through product differentiation (e.g. low-carbon materials, circular packaging) or enhanced brand trust, companies can command premium pricing or capture market share.
- **Lower cost of goods sold (COGS) and better gross margins** – Redesigning products or sourcing more sustainable inputs often reduces material and logistics costs. For instance, a European food manufacturer reduced packaging weight by 15% and switched to locally sourced, recyclable materials, cutting COGS by around 4% within two years and directly improving gross margins.
- **Lower operating costs** – Energy efficiency measures, waste reduction and cleaner production techniques translate rapidly into cost savings. For example, by upgrading lighting, refrigeration and renewable generation assets, retailers can reduce electricity spend significantly in a short period of time, as well as potentially accessing enhanced tax relief.

Balance sheet benefits:

- **Efficient, resilient assets** – Investments in resource-saving technologies (such as smart metering, on-site generation or optimised logistics) reduce ongoing operating expenses and contribute to lower maintenance or capital expenditures over time. More efficient facilities often hold their value better, improving loan-to-value ratios and reducing impairment risk.

While businesses claim to understand the timeline on returns from transitioning to a more sustainable model...

83% believe having a longer-term view on returning value provides them with more opportunities to invest in sustainability

77% agree it is shortsighted to delay investment in making their organisation more sustainable because it may take 5-10 years to see a return

...however, they may not be as prepared in reality

% of businesses expecting to deliver measurable value from sustainability initiatives

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Despite awareness of longer return timelines, the majority of businesses are still expecting results early

92%

of businesses expecting short-term impact on profitability

98%

of businesses expecting long-term (5-10 years) impact on profitability

Capital and financing advantages:

- **Access to cheaper debt (sustainability-linked financing)** – Lenders and investors are increasingly tying interest rates or loan structures to sustainability performance. Companies that meet or exceed agreed carbon, water or biodiversity targets can secure lower borrowing costs within one to two years of implementation. For instance, a UK student housing provider secured a £110 million sustainability-linked loan in 2024, with discounts on its margin linked directly to improved environmental metrics.
- **Lower cost of equity** – To equity investors, robust sustainability practices are indicators of strong management and risk mitigation. Over a three-to-five-year period, firms with higher sustainability scores often benefit from more favourable valuations, reflecting reduced perceived risk.
- **Access to a wider investor universe** – Certain asset managers and institutional funds will only invest in companies meeting minimum sustainability thresholds. By strengthening their sustainability credentials, companies open their shares to a broader – often deeper – pool of capital, ultimately lowering the overall cost of capital.

Non-financial drivers:

- **Enhanced brand reputation** – Positive sustainability narratives demonstrably backed by robust evidence and credible plans for how they will be delivered, resonate with customers, employees and community stakeholders. Whether through improved PR campaigns or third-party certifications, companies can strengthen loyalty and reduce churn – tangible drivers of revenue growth.
- **Supply chain resilience and expansion** – Leading suppliers increasingly prioritise downstream partners that align with their own Scope 3 emission reduction targets. This dynamic incentivises companies to improve their sustainability profile to maintain existing contracts or secure new ones, mitigating the risk of supply disruptions.

Taken together, these factors often reinforce one another. A company that reduces its energy bills can redirect savings into R&D, develop new sustainable products and use strong sustainability metrics to negotiate lower financing costs. Contrary to the notion that sustainability is a peripheral or 'nice-to-have' pursuit, it is fundamentally aligned with core commercial objectives.

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Illustrative industry examples

To ground these concepts, consider how various sectors have captured short-term value through sustainability:

Sustainable real estate and construction

Green buildings not only reduce operating expenses (for example, via solar PV and energy-efficient HVAC systems) but also command rental premiums and shorter vacancy periods. Developers of BREEAM Outstanding or Passivhaus-certified offices often report faster lease-up rates and higher net effective rents within two to three years of certification.

Retail and consumer goods

Between 2017 and 2019, a major UK supermarket chain overhauled store-level energy systems – installing LED lighting, optimising refrigeration and procuring solar capacity. These initiatives delivered £37 million in energy savings in just two years, while simultaneously lowering carbon emissions by over 30%.

Power purchase agreements (PPAs)

Many consumer brands and other corporates secure virtual PPAs to hedge against volatile energy costs, reducing electricity expenditure rapidly and improving cost predictability.

Utilities and energy services

Utilities that deploy data analytics to shift consumption to off-peak hours and invest in on-site renewables can trim energy costs substantially in one to two years. Government incentives for renewables (such as feed-in tariffs or investment tax credits) also lower effective capex and accelerate payback periods for clean-energy installations.

Financial services and sustainability-linked instruments

The rapid growth of green bonds and sustainability-linked loans means that financial players with strong sustainability credentials can issue debt at tighter spreads. Private equity firms frequently pay a premium – sometimes 10-20% higher – when acquiring 'green' targets, reflecting anticipated synergies and lower transition risk. Green funds also remain oversubscribed, signalling sustained demand for assets that deliver both environmental and financial returns.

In all these cases, short-term benefits – whether in reduced energy bills, increased asset valuations or lower financing costs – can become visible within three to five years of implementation. By reframing sustainability as an integral component of business strategy rather than a peripheral obligation, companies can unlock both immediate efficiencies and longer-term resilience. Ultimately, commercial and environmental imperatives are not in opposition; they are two sides of the same coin.

Practical guidance on delivering short to medium term value

1. **Build strong links with your commercial goals**
   Link your sustainability strategy to your commercial goals. Work with your commercial teams to understand their priorities. Review the short to medium term commercial objectives of your organisation and accelerate investment in areas where there is greater alignment with the benefits of accelerating sustainable initiatives.

2. **Develop a roadmap to returns**
   Rethink the timelines to delivering ROI. Review your sustainability initiatives and map out which actions will deliver positive value in less than one year, which will deliver value in less than three years, and which require a longer timeline to mature.

3. **Account for the full value chain**
   With sustainability initiatives creating value in multiple ways, it is important to reflect the range of benefits, some of which may have not featured prominently in the past, but which provide pathways to short term returns. Areas to consider: the direct impact on the profit and loss account, strengthening the balance sheet, improving access to capital and unlocking intangible advantages such as brand health or supply chain protections.

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Chapter 3

The power of collaboration and shared learning

The value proposition of sustainability will differ between sectors. What is successful and commercially viable for a manufacturing business may be less so for the insurance sector. However, consideration of best practices from those leading the way in their respective fields can inspire new ways of thinking and unlock innovation within companies outside of those fields. The challenge that leaders face is a lack of cross-industry collaboration opportunities or case studies to highlight those best practices.

What does the data tell us?

86% of businesses believe that collaboration with other industries or sectors has significant influence on the commercial benefit of sustainability initiatives.

But equally important is engagement with government, trade bodies and regulators, and establishment of cross sector alliances.

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> "
> As a species, we're using more resources than we have on the planet. The problem is that we fall back on our corporate scar tissue, our muscle memory, our habits, and sustainability becomes just another reporting function."
>
> **Lewis Richards,**
> Chief Sustainability Officer,
> Microsoft UK

Watch Lewis' full interview

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"

For the retail industry, the main area to go faster and further is scope 3 emissions – emissions that come from a company's supply chain and how its products are used. For us, that's 99% of our emissions. We're working together with the whole home improvement industry – with suppliers and other players – to address those emissions, in the materials that we use, how products are manufactured, how energy efficient they are."

Dorothée D'Herde,
Director of Responsible Business,
Kingfisher

Watch Dorothée's full interview

Given this pressure to 'get it right' businesses are seeking cross-sector collaboration and to learn from the experience of others

86%

of businesses believe that collaboration with other industries or sectors has significant influence on the commercial benefit of sustainability initiatives.

85%

say it would significantly support access to cross-industry case studies to improve organisations' ability to build stronger business cases.

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Collaboration is accelerating success

The importance of collaboration has been recognised by regulators, with the Competition and Markets Authority issuing helpful guidance to ensure that concerns about non-compliance with competition law do not act as a blocker to cooperation between businesses that is necessary to promote or protect environmental sustainability.

There are some interesting examples of how collaboration can drive change. There are established organisations partnering with technology innovators to scale impact. There's an important role for large scale connection points like COP and London Climate Action Week. And there are partnerships between corporates and non-profits.

Specifically, there's KPMG's report titled: '*The heat is on: Time for a new approach to solving the homes and buildings decarbonisation challenge*' which highlights that pioneering delivery partnerships, backed by local authorities, are crucial to rolling out low-carbon solutions in a systematic, place-based way, while growing essential supply chains. Novel funding models will also be required to open new investment opportunities and attract private capital at scale in UK towns and cities. That report says that these changes can't be achieved in isolation. It will require innovative solutions and new collaborations between policymakers, energy retailers, supply chains, financial institutions and local authorities.

Finally, Lloyds Banking Group and Octopus Energy established a strategic partnership to provide energy efficiency home improvements to the Group's customers. The first scheme of the partnership will offer lower cost air-source heat pumps to UK households. The move is designed to support the decarbonisation of domestic heating and encourage the retrofit of existing UK properties. In one instance they set up a one stop shop (OSS) service in Leeds, working with Leeds City Council.

Practical guidance on value creation through greater collaboration

Engage proactively with shareholders and other stakeholders

1. **Be a proactive driver of collaboration**
   It is important to investigate existing networks and communities to look for collaboration potential. Use trade bodies, industry groups and conferences, industry events and roundtables to identify opportunity. At the same time, these networks may not exist within your sector, so be proactive and connect with counterparts and propose building new networks and industry groups.

2. **Leverage the networks of your existing partners and suppliers**
   Your existing suppliers and partners may well be able to connect you with like-minded organisations or personal contacts who can help accelerate your collaboration efforts. Review your existing partners and identify those who likely have wide networks who may be able to help establish or strengthen your networks.

3. **Build shared goals and measurable objectives**
   Align your organisation with partners who share your vision and values, but keep your collaboration focused and goal oriented. Ensure you convene around specific challenges with a shared agenda to maximise impact.

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> "We were the world leader in this small niche area of offshore wind power and we spotted an opportunity. The whole sector stepped up and new tech platforms came forward, driving down the cost of energy from offshore wind. It allowed us to deliver a much lower cost of electricity and deliver it in much bigger quantities which made a total step-change in how our customers and markets saw it as an option. And we rode that wave."

Duncan Clark,
Head of Development,
Ørsted

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Chapter 4

Overcoming barriers to investment

The appetite for sustainability investment is strong, but significant barriers remain – not least, according to our research: high upfront costs; challenges in reporting and measuring the impact of sustainability; a lack of regulatory incentives; and a lack of short-term ROI.

The cost of inaction is high. As we reframe the conversation, we must consider what can be done to overcome these barriers and accelerate the transition to a more sustainable model.

Overcoming these barriers will be the key to unlocking the opportunities of a more sustainable operating model.

The biggest barrier for any transformational activity, particularly when operating within a volatile business environment, is the perception of the need for upfront costs (44% of leaders believe this). When combined with challenges in measuring and reporting on the sustainability impact (36%) and a lack of immediate ROI (31%), moving towards investment might feel too difficult. But business leaders remain optimistic with 83% reporting that they could unlock more opportunities to pivot to sustainable and resilient business models.

44% of leaders believe that high upfront costs are the biggest barriers preventing them from investing more heavily in sustainability initiatives

Challenges in measuring and reporting sustainability impact **(36%)**, lack of regulatory incentives **(31%)** and a lack of immediate ROI **(31%)** also hold back investment

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A perception of high upfront costs

There is a perception that sustainability investment is expensive, but this is a symptom of looking at value too rigidly. Reducing process and material waste can bring significant savings, offsetting investments that are needed. For example, many clients are wholly dependent on the built environment for the successful operation of their businesses. When these built environment assets are being built or renovated, be they offices, factories, warehouses or data centres, use of low carbon materials can bring significant carbon reductions at no to low-cost premiums, whilst designing for low energy use can bring ongoing savings throughout the lifetime of the asset. Making energy efficient investments can also attract beneficial tax incentives, further reducing the cost.

Challenges in measuring and reporting sustainability impact

One of the themes we see from our work with clients is the value of data and insight. To better enable their transition, businesses are calling for better access to quality data. In fact, 84% of businesses report that better access to high-quality data would significantly support their ability to build the business case for pivoting to sustainable business practices. But how do we define 'high-quality' in this context?

High-quality data is typically measured across a number of critical dimensions; accuracy, completeness, uniqueness, consistency, timeliness, and validity. High-quality data enables more effective decision-making through improved accuracy and reduces the need for manual data manipulation and massaging.

For ESG, this results in faster and more reliable insights, and a reduced cost overall in data production.

The key question is; how to obtain and sustain high quality data? This starts at source; identifying the right sources of data (internal and external) and ensuring data lineage is defined from key metrics and reports to source. This is a key enabler to strong governance and controls, which are critical to maintaining data quality and resolving issues. Organisations that put this in place are able to increase their trust in data and ultimately leverage this to build a stronger investment business case, along with the potential to utilise this data elsewhere in the business.

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"Having a solid regulatory framework is essential for free markets. However, when it comes to sustainability as a concept, we can also say that sustainability was around before the regulatory pressure started to mount. And that is not because politicians or regulators weren't awake, but really because leading companies have recognised that they will need to address societal challenges, risks and opportunities that arise early on to stay in the game. And you can think about examples like water shortage. When you look into the next decade, the UN reports that already by the end of this decade, supply will probably be outstripped by demand by about 40 percent. And obviously that will have an impact on business as well, so addressing this risk will be crucial."

Silvan Jurt,
Head of Sustainability Services,
KPMG UK and Switzerland

Watch Silvan's full interview

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A lack of regulatory incentives

There is now a huge volume of sustainability-linked regulation, some economy-wide and some sector-specific. Global organisations face significant challenges in trying to stay on the right side of regulatory requirements around the globe. Businesses are also struggling to square sustainability commitments made with the pace of change in real economies and the new geopolitical environment.

85% of business leaders stated that regulatory pressures play a key role in how they are shaping their sustainability strategies

But is regulation driving tangible positive impacts, or is it simply adding to the compliance burden for organisations and potentially drawing resources away from making a real difference?

The scope and scale of reporting-related regulation has escalated rapidly. While intended to provide clarity and consistency, in practice requirements have proved to be extremely onerous due to the sheer number of data points involved.

At the same time, the threat of greenwashing challenges has driven the importance of ensuring that the reported data is robust and substantiated.

Done well, and thoughtfully, regulation can be used to support and facilitate the transition – indeed, clear, consistent and proportionate regulatory frameworks can create a stable operating environment which boosts market and investor confidence.

However, currently 31% of leaders feel that there aren't enough regulatory incentives to encourage their investment into sustainability initiatives. Despite this perception, there are incentive opportunities available in the form of enhanced tax relief and grant funding.

> "The key to the future of the UK's energy transition is stable long-term regulatory frameworks providing policy certainty to investors who then want to come to the UK and invest here because of the frameworks that exist."

Simon Virley,
Vice Chair and Head of Energy and Natural Resources, KPMG in the UK

Watch Simon's full interview

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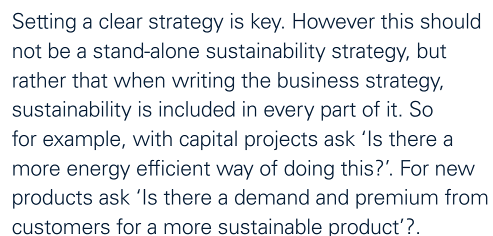
There is more that regulators can do to help. First, they can think about their intended regulatory outcomes and the real-world impacts. For example, the Financial Conduct Authority has taken positive steps in supporting customers and markets to make choices – but there is more to do on transition and adaptation. If the measures proposed in the EU's Omnibus package enable the redeployment of resource into making change that will be a real positive.



Lack of clear sustainability strategy and vision

Setting a clear strategy is key. However this should not be a stand-alone sustainability strategy, but rather that when writing the business strategy, sustainability is included in every part of it. So for example, with capital projects ask 'Is there a more energy efficient way of doing this?'. For new products ask 'Is there a demand and premium from customers for a more sustainable product'?.

Practical guidance on overcoming the barriers

1. **Consider the full value chain when reviewing upfront costs**
When looking at cost analysis it is important to make sure the value benefits have been holistically and properly captured. There are likely to be downstream value benefits and cost reductions that are not always clear up front; higher valuation and resale values, greater infrastructure resilience with less down time or maintenance, reducing the cost of capital through green bonds, or even the brand valuation of hitting sustainability targets. Also, ensure tax reliefs and incentives have been maximised.

2. **Put effective measures, controls and reporting in place**
Start by identifying the right sources of data (internal and external). Ensure the data lineage is defined from key metrics and reports to source. Ensure that you have appropriate controls in place that validate your first and third party data. This is especially important when sourcing data from multiple teams across your organisation. Your stakeholders must fully trust the source and data collection methods, so ensure the rigour you put in place is clearly communicated in your reporting.

3. **Embed your sustainability strategy into your business strategy**
Engage with business heads, finance and commercial teams to deeply understand the business strategy and look to embed your sustainability strategy here, not as a stand-a-lone project. In this way you can better leverage market and customer insight to help make the case for sustainable products and services as aligned your core business strategy.

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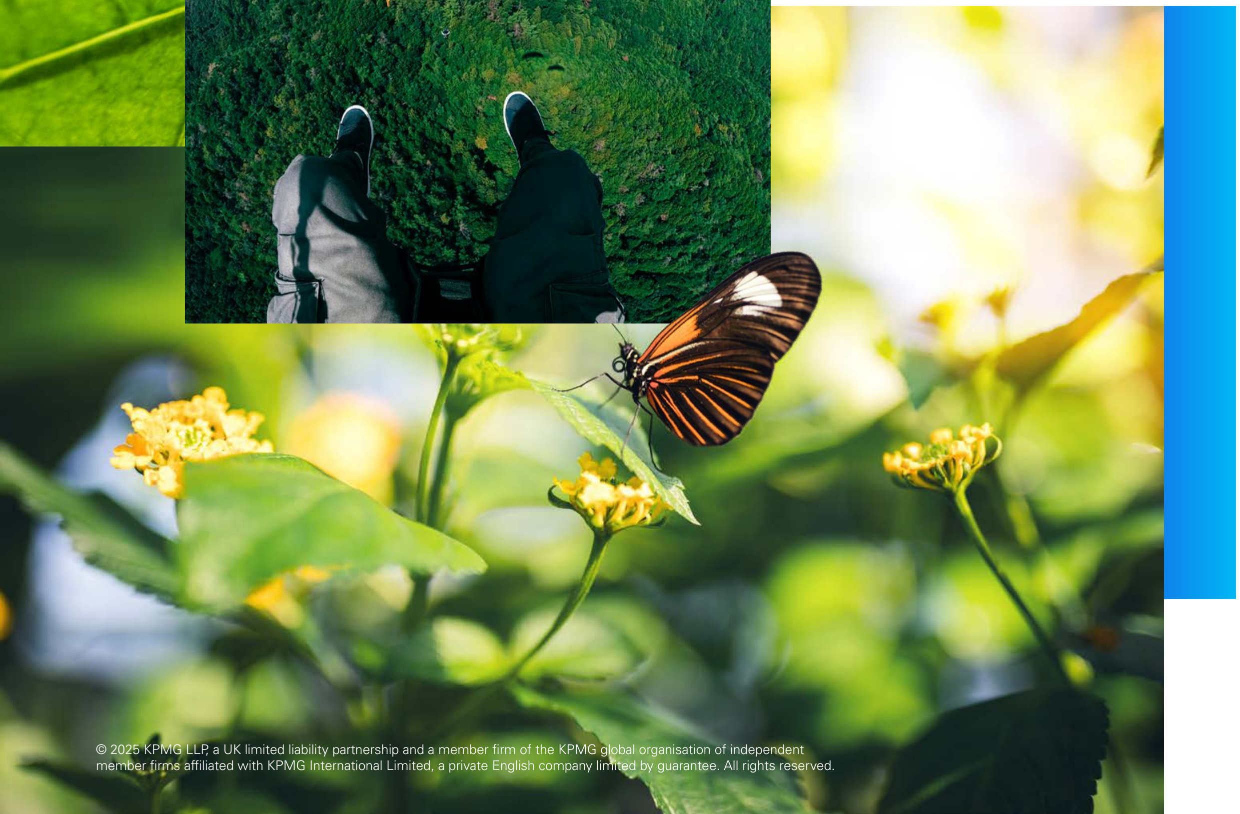
About this report



All quotes are taken from a filmed interview series with sustainability leaders from different sectors and KPMG experts. The interviews were recorded between 31 January and 20 May 2025. The full interviews can be found here.

Quantitative research was carried out by Savanta Group Limited:

Method: Online survey, with a 13 minute median completion time.

Fieldwork: Carried out between 11 April and 30 April 2025.

Audience: UK business decision makers (Director-level and above), from a range of industries, with annual company turnover of at least £100,000,000 and over 100 employees. In order to qualify for participation in this research, decision makers were required to have responsibility for, or influence over, sustainability investments in their organisation. 30% of the sample was made up of individuals in senior sustainability roles. 70% of the sample were other senior decision makers from finance and other functions.

Sample: Total of 200 business decision makers and business influencers.

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Find out more about our Reframing Sustainability campaign

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