

Enact[®]

Sustainability and Business Strategy

**Presentation at Sustinere ESG Masterclass
March 26th, 2025**

Sofia Svingby

Agenda

1. **The Why**
 - **Drivers for sustainability**
 - **Sustainable value creation**
2. **The How**
 - **Systems thinking**
 - **Change management**
3. **Conclusions**

Sofia Svingby

Senior sustainability expert and advisor with insights from industry, consultancy and international development cooperation.

- Senior Advisor at Enact Sustainable Strategies.
- Senior Vice President Sustainability at Prime Weber Shandwick.
- Vice President Sustainability at Atlas Copco Group.
- Acting CEO & Director Operations at the International Council of Swedish Industry.
- Global outlook with experience from Sub-Saharan Africa, the Middle East and Asia.
- Expertise within change management, strategy, sustainability reporting and communication.



"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Source: "The Brundtland Report".
Report of the World Commission on Environment and Development:
Our Common Future, 1987



Drivers for sustainable business

Driver 1: It's good for business





A new reality

License to operate

Social and legal license to operate

- 1. Talent Attraction and Retention**
- 2. Customer Loyalty**
- 3. Access to Capital**
- 4. Regulatory Compliance**



Climate concerns play an important role in Gen Zs' and millennials' career decisions. More than half of respondents say they research a brand's environmental impact and policies before accepting a job, while notably, one in six say they have already changed jobs or sectors due to climate. Nearly four in 10 say they have rejected work assignments due to ethical concerns, while more than one-third have turned down employers that do not align with their values. (Deloitte)

Consumers say their environmental concerns are increasing due to extreme weather; study shows they're willing to change behavior, pay 12% more for sustainable products. (Bain & Co).

54 percent of consumers are now willing to pay a premium for sustainable products, up from 35 percent. "However, we must acknowledge that affordability remains a key barrier." (Simon Kucher).



The bar is raised

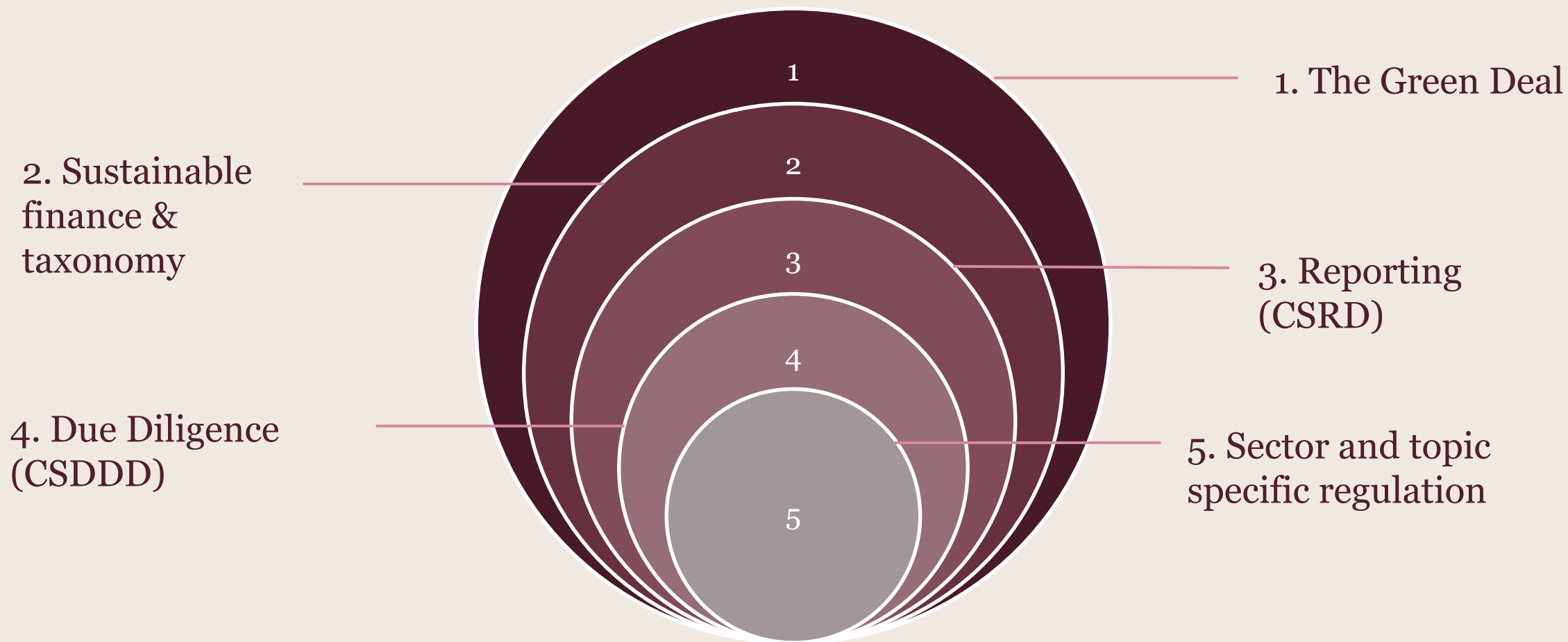
The aim is to shift financial streams

Increasing transparency and comparability to encourage financial actors to invest in sustainable companies.

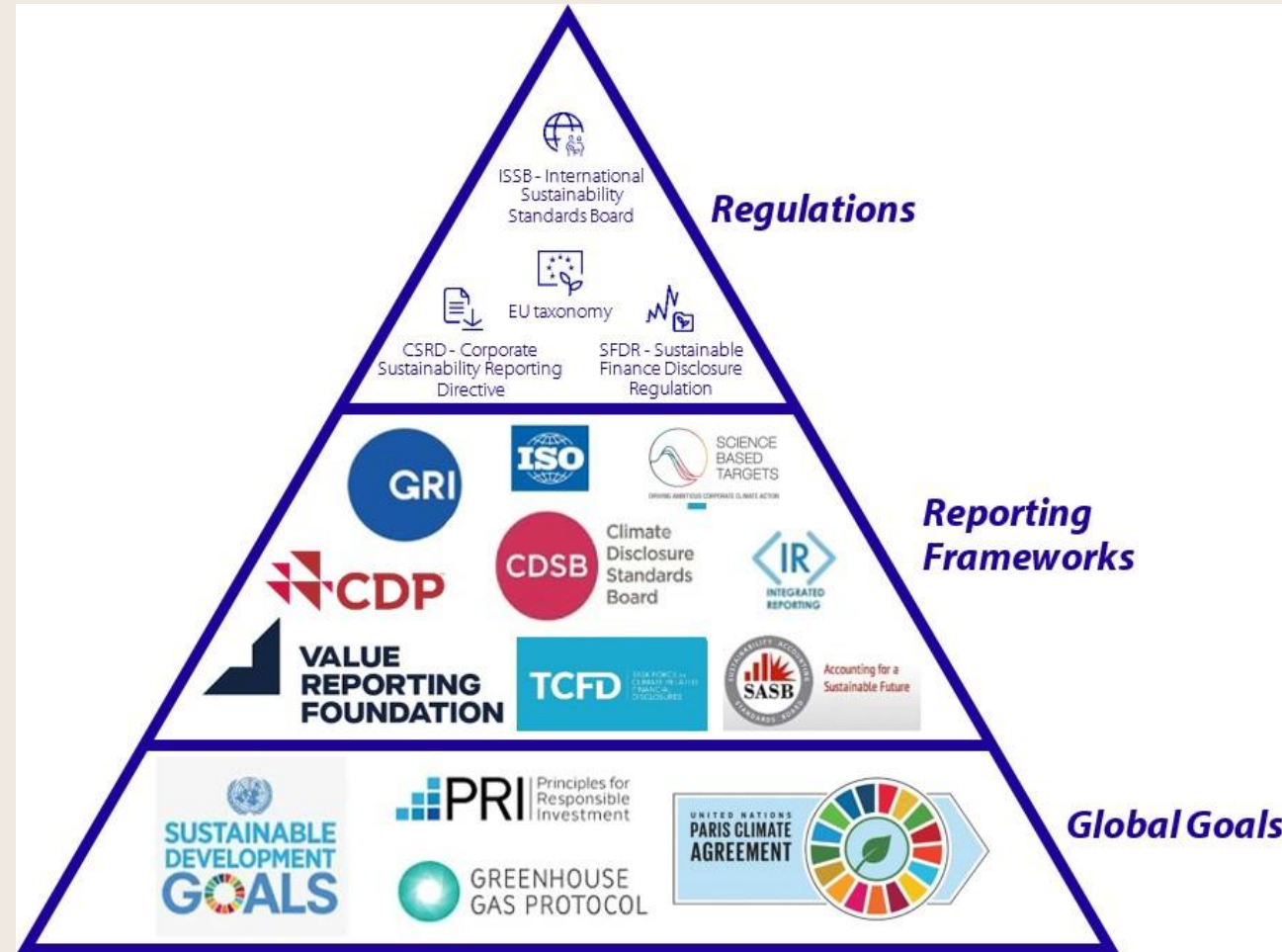
Driving transformation towards more sustainable businesses.

Thereby supporting the implementation of the Green Deal and drive the competitiveness of the EU.

Transparency and traceability through the value chain



Regulation: From voluntary to mandatory



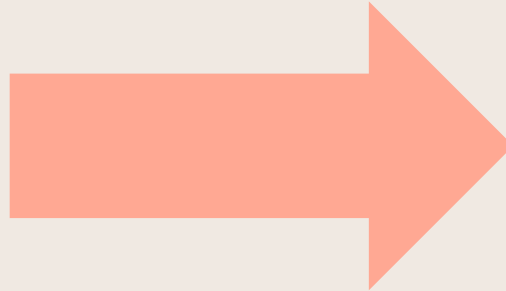
Source: Rado Bank



CSRD and CSDDD

- **CSRD** is about **what companies must report** on sustainability-related issues, focusing on transparency and information disclosure.
- **CSDDD** is about **what companies must do** to prevent and mitigate negative human rights and environmental impacts, focusing on active due diligence.
- These **key principles** are demanded by stakeholders and useful for business regardless of regulation

Omnibus Proposal for Simplification



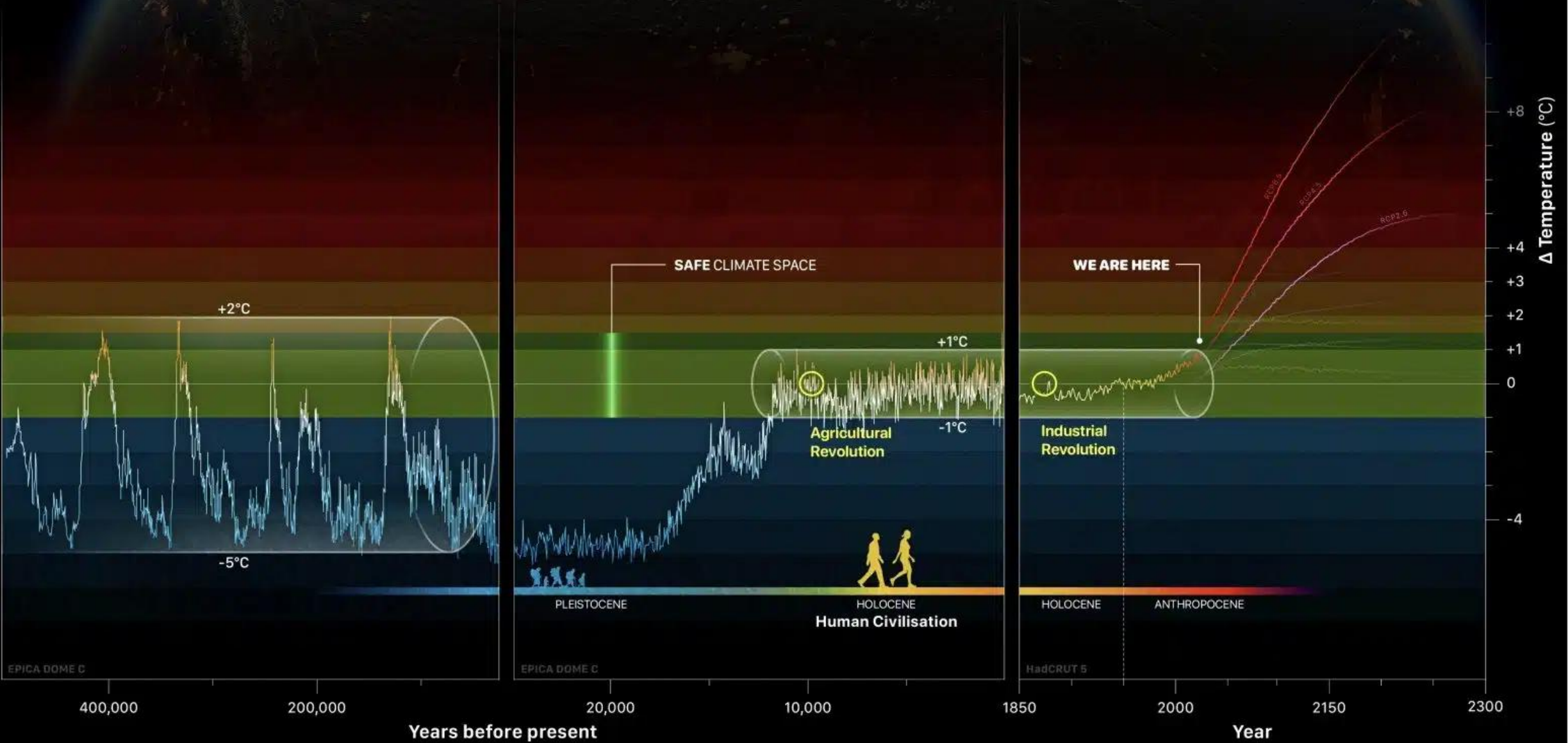
Driver 2: It's Good for Planet and People



There is No Business
On a Dead Planet

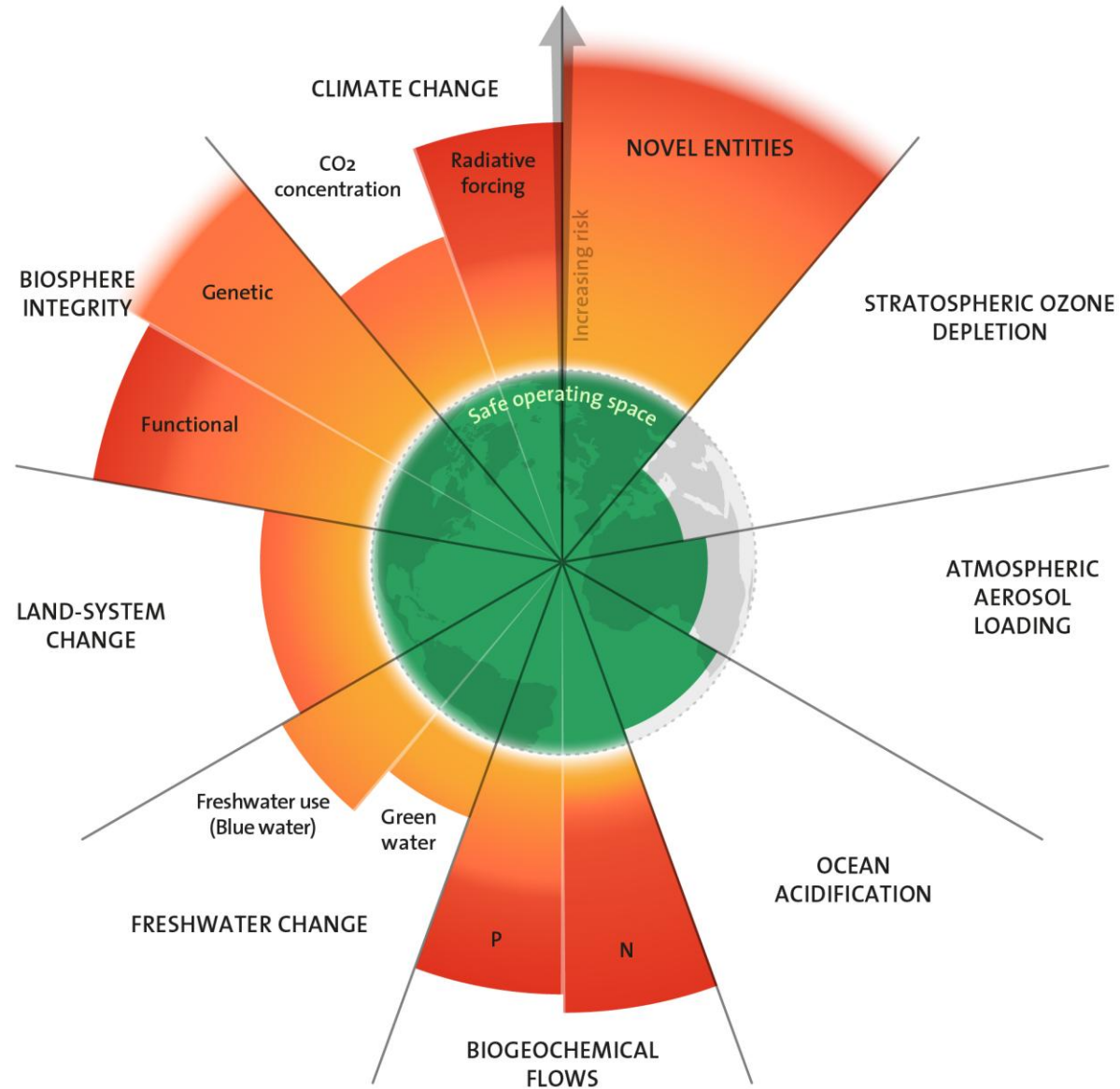


Humanity's Journey on Earth



State of the planet

9 out of 6 planetary boundaries are passed

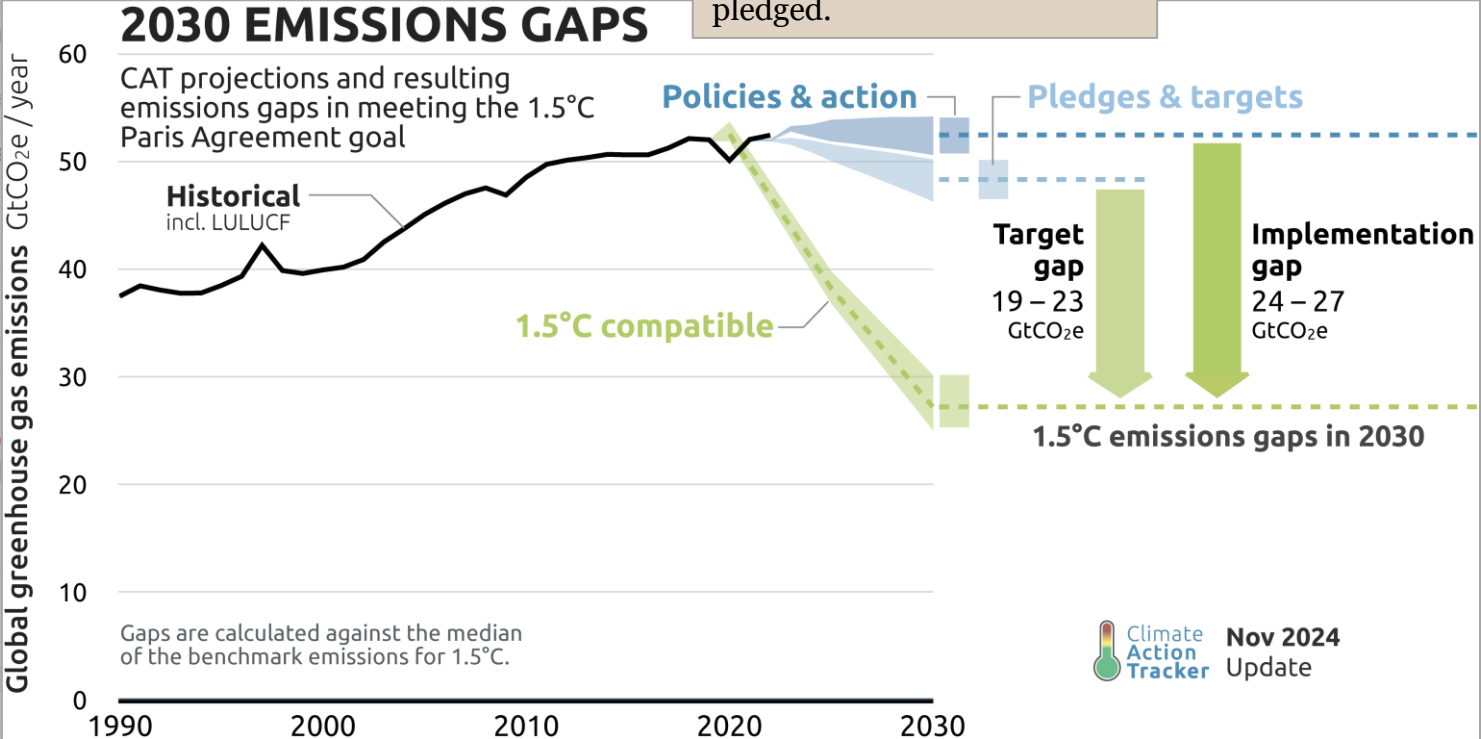
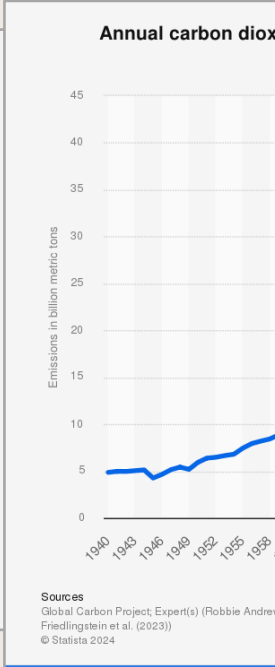


Source: Azote for Stockholm Resilience Centre, based on analysis in Richardson et al 2023.

Climate change and (in)action

The three components of the Carbon Law: halve fossil fuel emissions every decade, reduce land-use related emissions, ramp up carbon storage solutions.

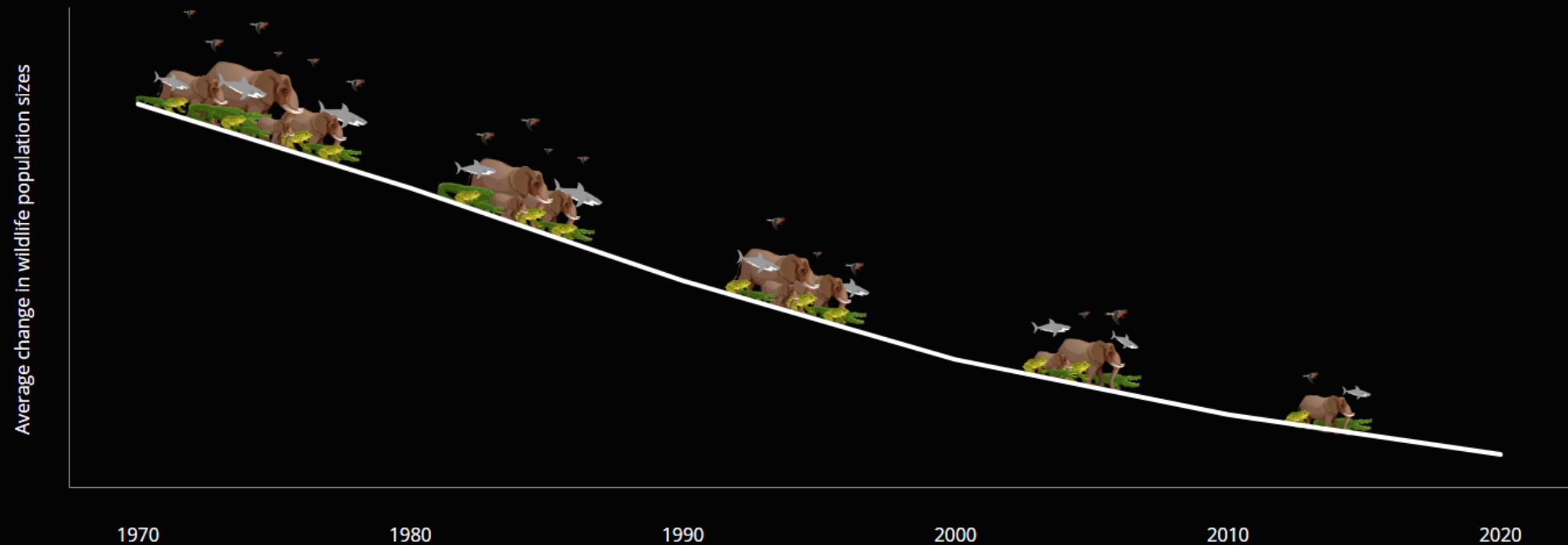
- Global CO₂ emissions
- CO₂ removal (GtCO₂/yr)
- CO₂ emissions from land use (GtCO₂/yr)



COP 29: Less than ¼ of funds needed for climate action pledged.

NATURE IS DISAPPEARING: THE AVERAGE SIZE OF WILDLIFE POPULATIONS HAS FALLEN BY A STAGGERING 73%

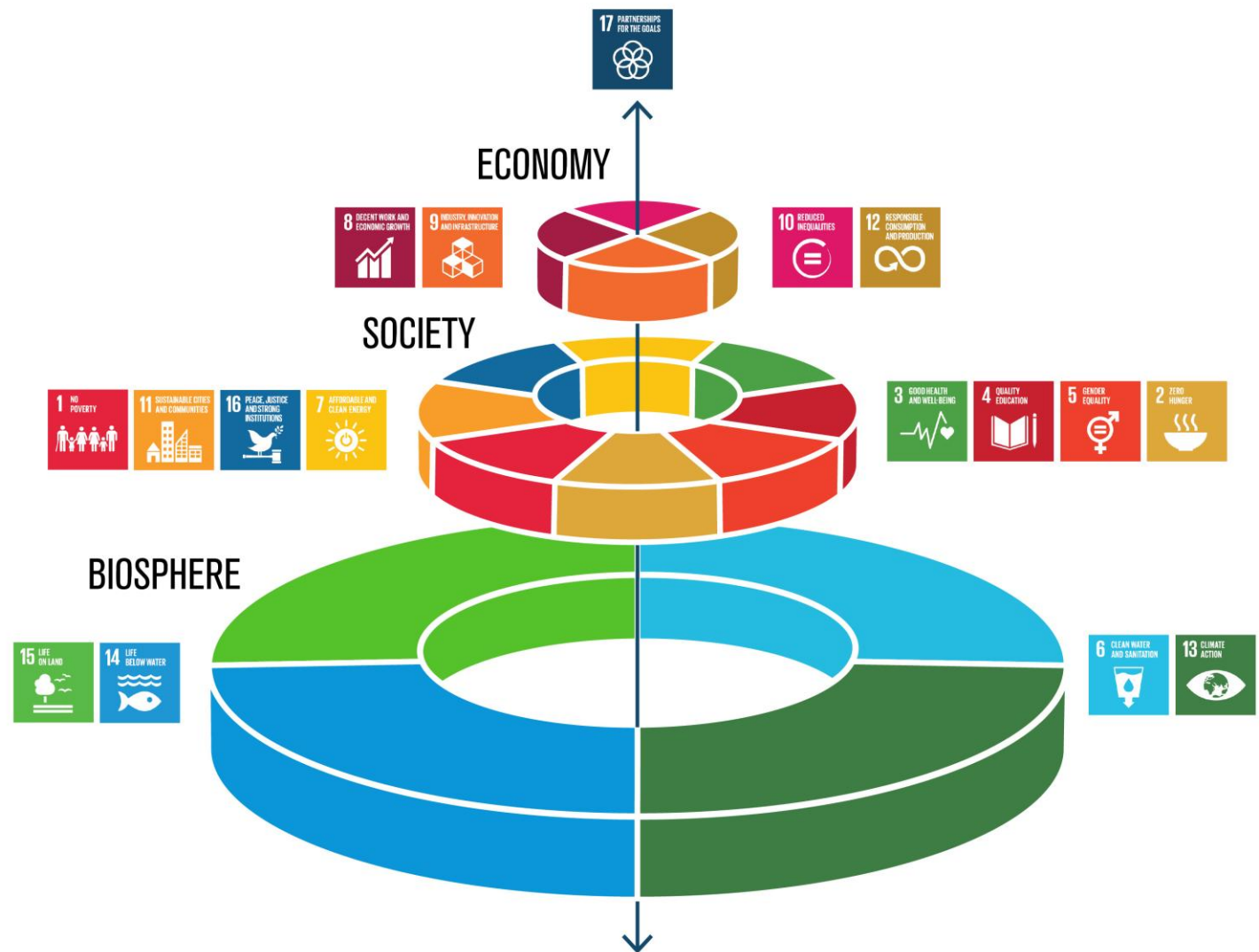
The latest edition of the Living Planet Report, which measures the average change in population sizes of more than 5,000 vertebrate species, shows a decline of 73% between 1970 and 2020.



SUSTAINABLE DEVELOPMENT GOALS



Desired state



Source: Stockholm Resilience Center

Discussion:

Our Drivers for Sustainability



List the key drivers for your organisation to become more sustainable - internal and external.

Have the drivers changed?

The Business Case



Examples

A study by Gartner found that 85% of investors consider ESG factors when making decisions, while socially responsible investments have grown by 22% in recent years.

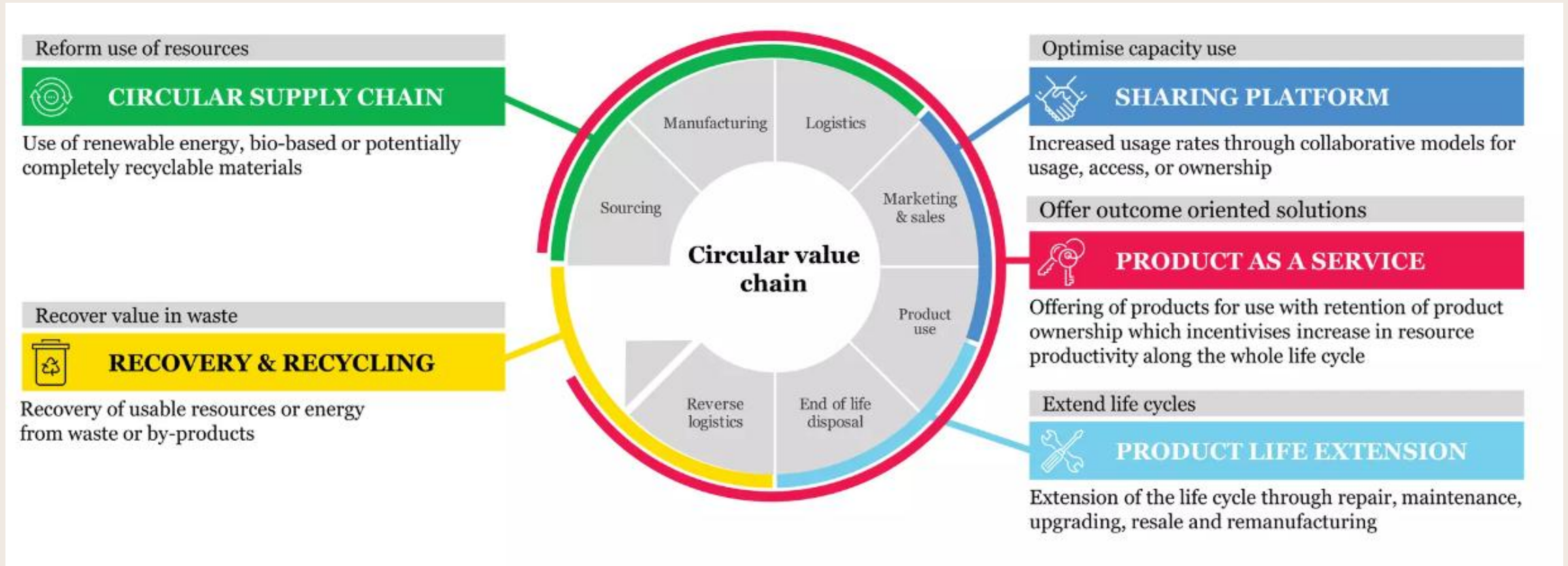
Deloitte found that 70% of companies would avoid mergers or acquisitions involving firms without solid ESG strategies, emphasizing the financial risks of neglecting sustainability.

Delaying or neglecting sustainability investments can lead to financial losses. For instance, 57% of companies in a study by Stern and Deloitte on food and agriculture companies reported revenue losses, and 68% experienced increased costs due to inaction on sustainability.

Circular Economy



Circular Business Models



Other examples

The Orsted logo features a blue circular icon with a vertical line through the center, followed by the word "Orsted" in a bold, blue, sans-serif font.The Safaricom logo consists of a red swoosh icon followed by the word "Safaricom" in a green, sans-serif font.The Unilever logo features a blue, ornate, stylized "U" icon above the word "Unilever" in a blue, cursive script font.The Patagonia logo features a stylized mountain range icon with horizontal stripes in purple, blue, and orange, above the word "patagonia" in a white, lowercase, sans-serif font on a black background.



Moving towards sustainable value creation

- **Regulation** requires companies to describe how they ensure that their **business model** and **strategy** are compatible with the **transition** to a sustainable economy, and how they follow **responsible** business practices.
- **Integrating** sustainability in business **strategy** and **governance** is key.

The Sweet-Spot for Sustainable Value Creation

- **Reducing** risk for the business
- **Reducing** negative impact for people and the planet
- **Increasing** business value
- **Increasing** positive impact for people and the planet





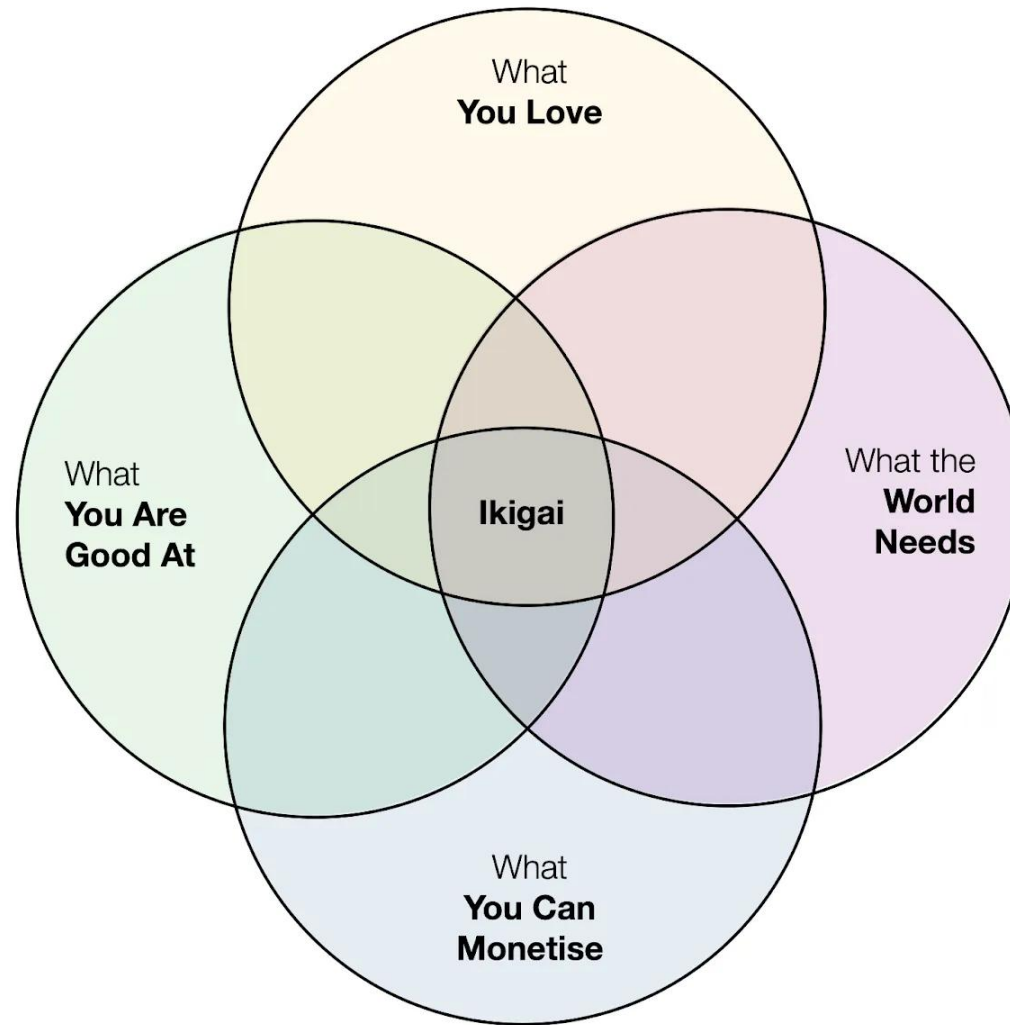
The How

Sustainable value creation

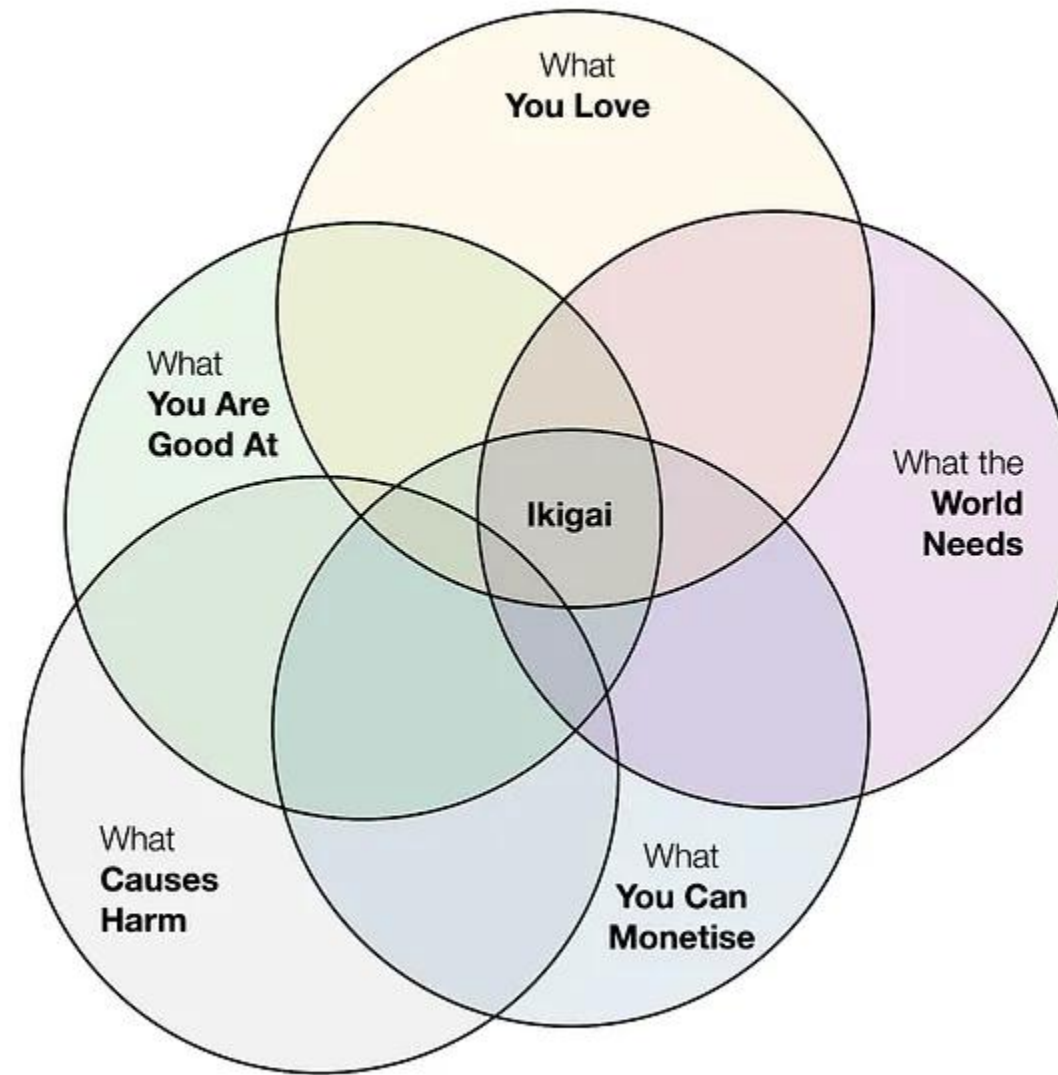
Finding Your Sweetspot



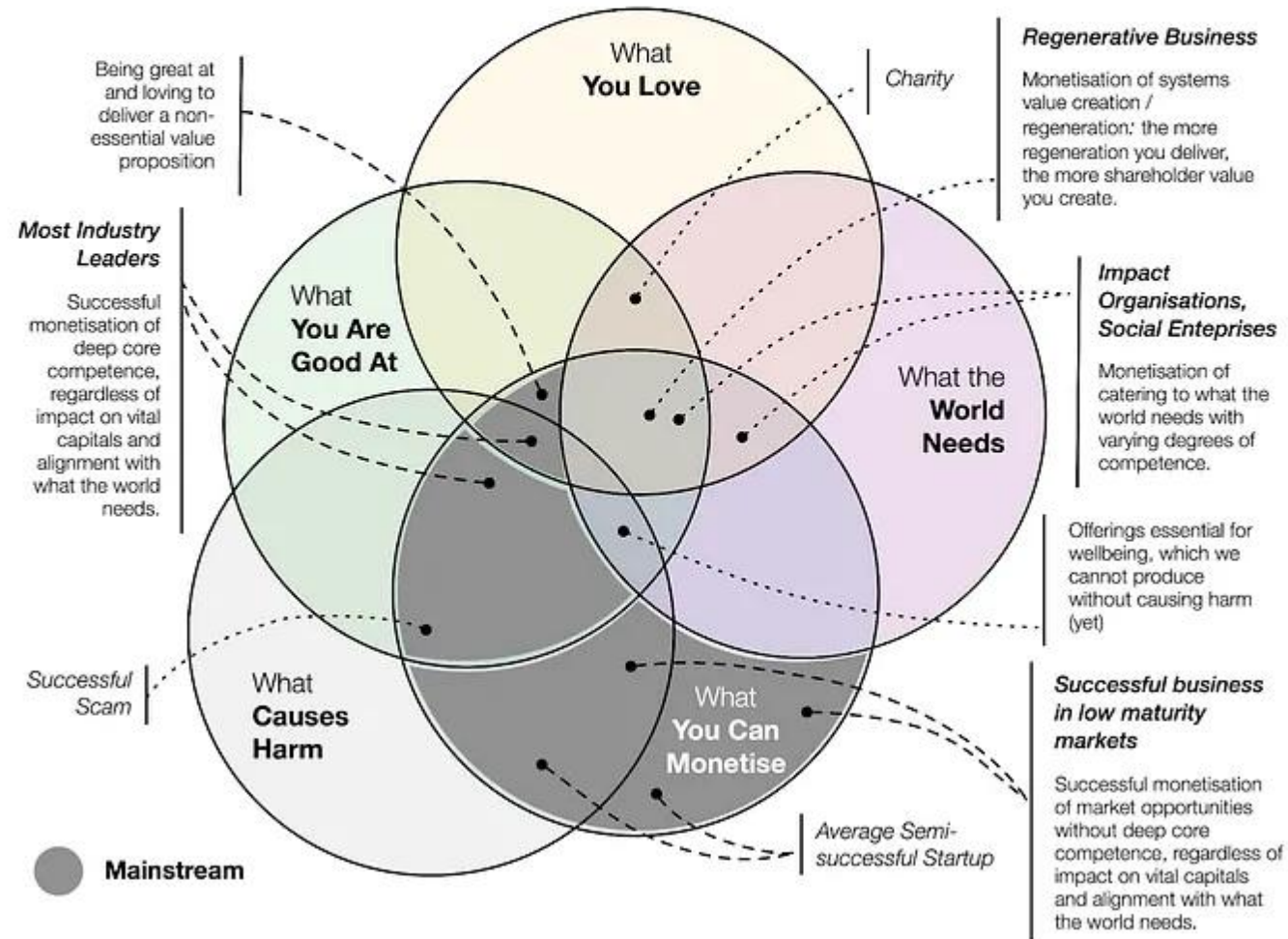
Original Ikigai



Adapted Ikigai



1 Ikigai for Organisations



Systems Thinking



Systems thinking

- What is it?

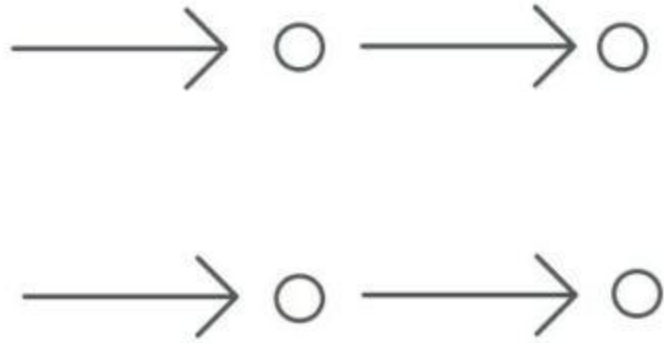
Systems thinking is the ability to understand how the parts of a system interact to produce the behaviour of the whole.

If we apply reductionist (i.e. linear cause and effect) thinking to complex problems we will likely arrive at solutions that lead to unintended consequences.

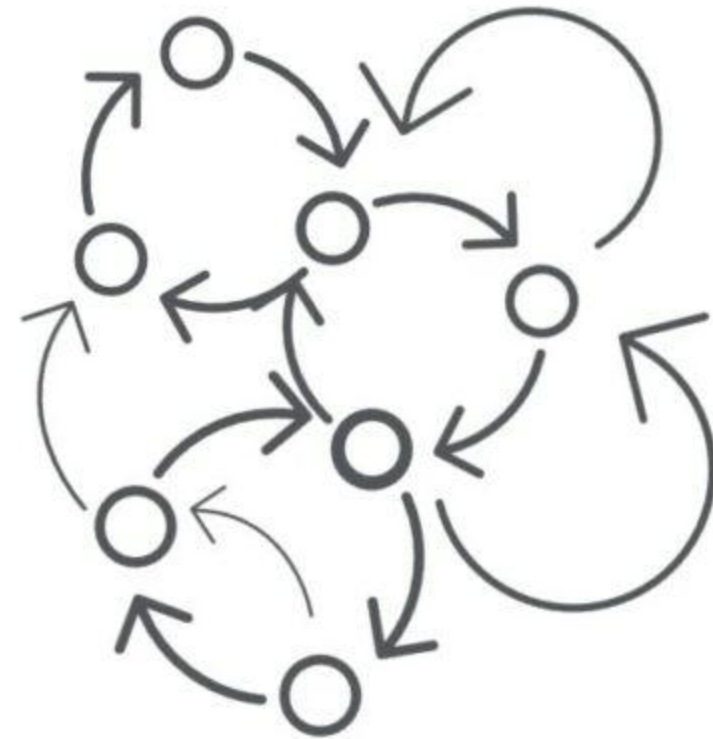


Traditional (linear) thinking vs. Systems thinking

Traditional thinking



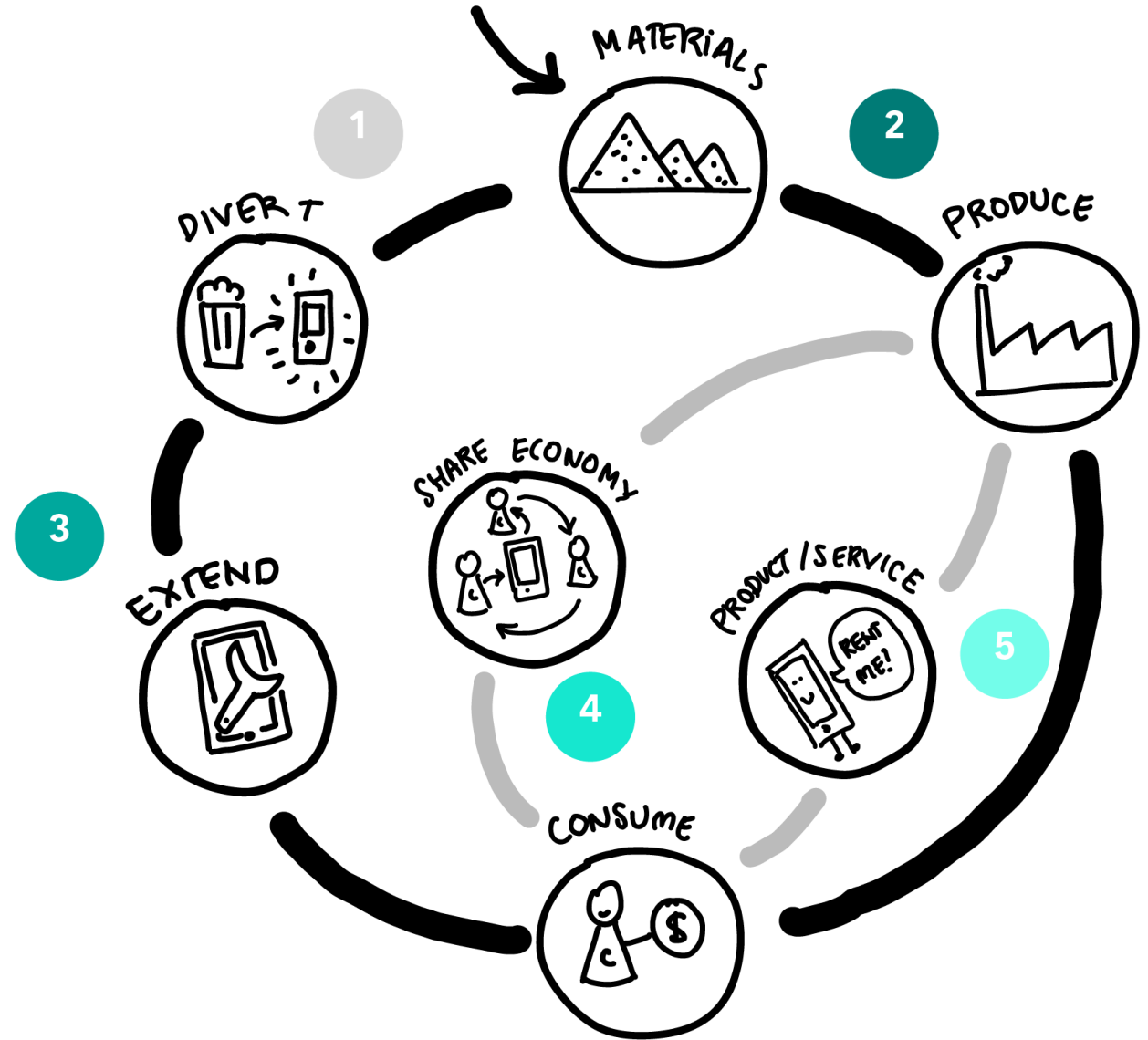
Systems thinking



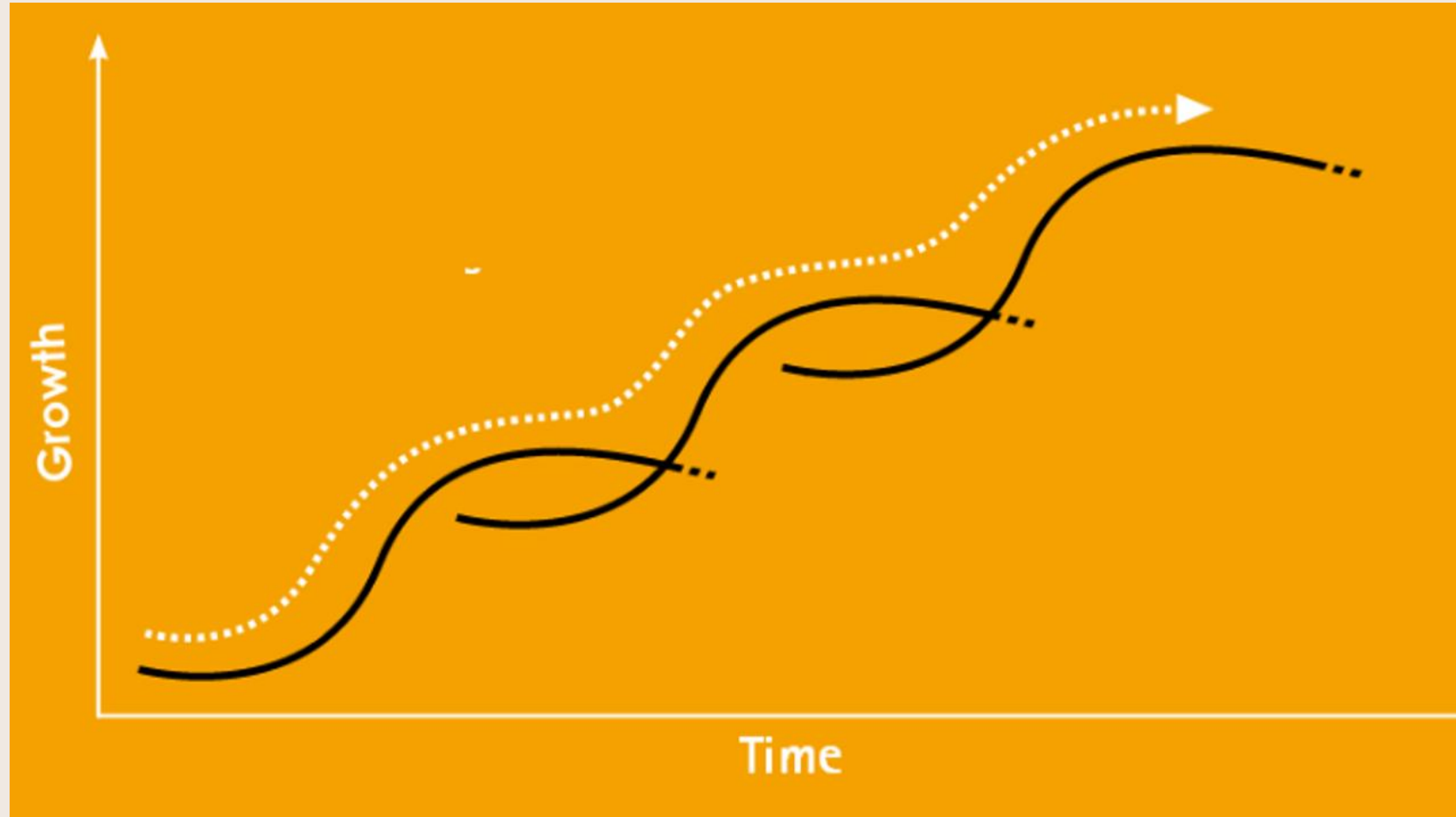
Source: Bansal, Lee, & Mascena. 2022.

Graphic adapted by Abby Litchfield

- 1 Resource recovery
- 2 Circular supplies
- 3 Product life extension
- 4 Sharing platforms
- 5 Product as a service



The right business model for a sustainable future?



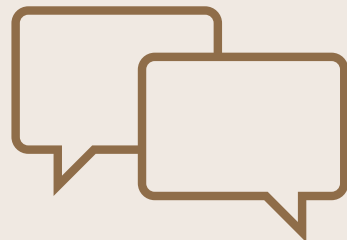
Discussion:



Future Proofing the Business

Future Proofing the Business

1. What does our market look like in a net-zero, circular, and just world?
2. What is our business model for succeeding in that market?
3. What changes do we need to make now to prepare?
4. What supporting conditions will we need?

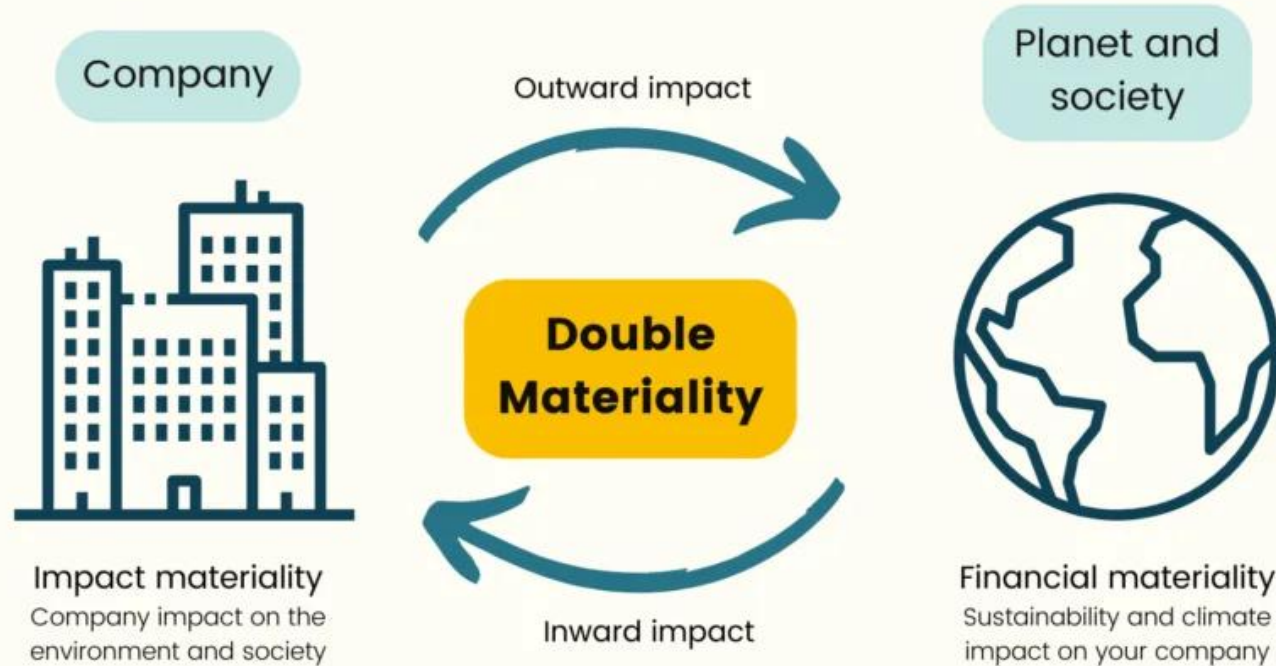


Sustainable value creation



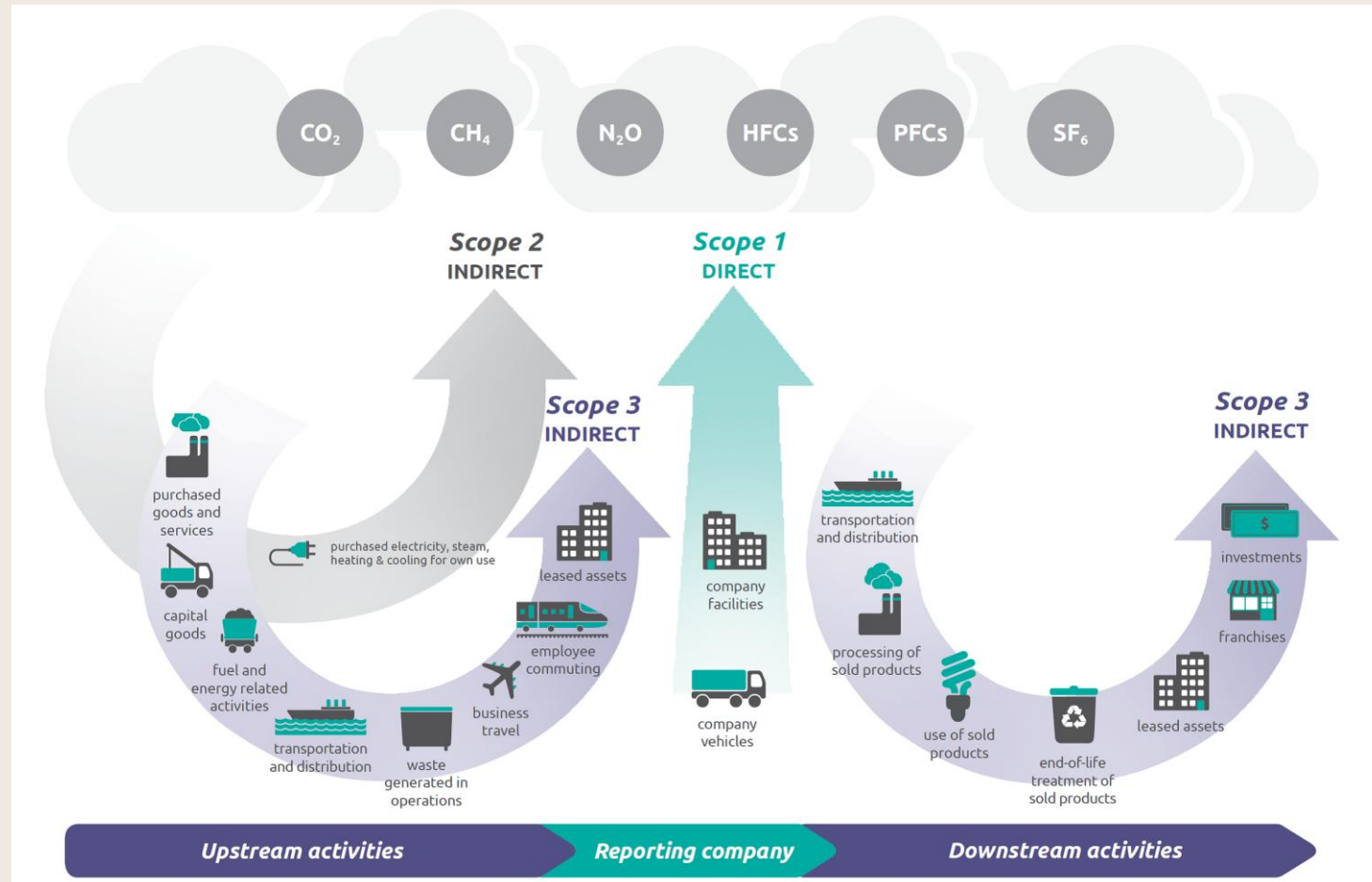
Understanding materiality is key

Sustainability
impact (I)



Financial risk (R)
& opportunity (O)

Impact, Risk and Opportunity Along the Value-chain



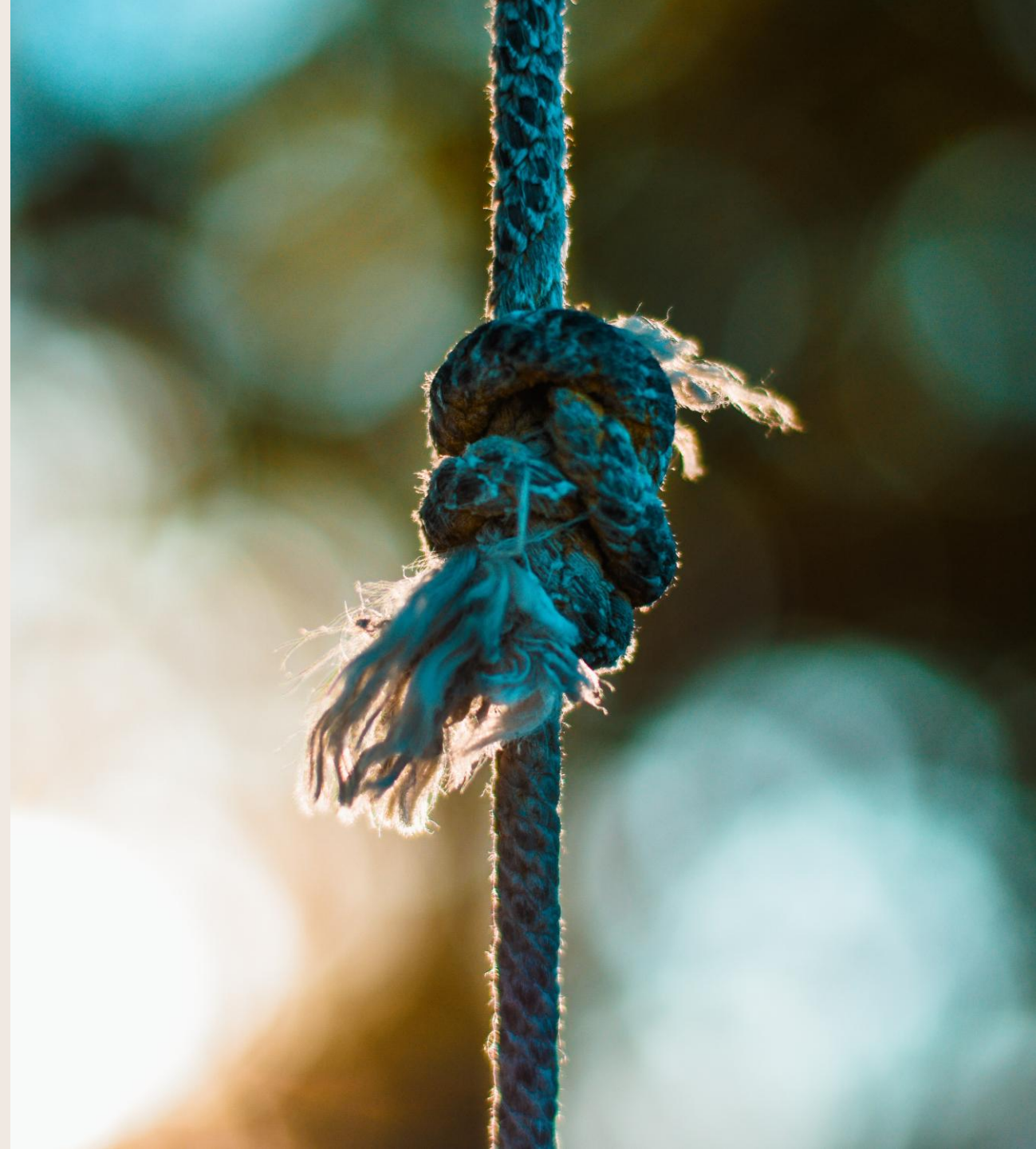
Source: GHG-protocol

The Sweet-Spot for Sustainable Value Creation

- **Reducing** risk for the business
- **Reducing** negative impact for people and the planet
- **Increasing** business value
- **Increasing** positive impact for people and the planet



Requires
change!



Driving Change



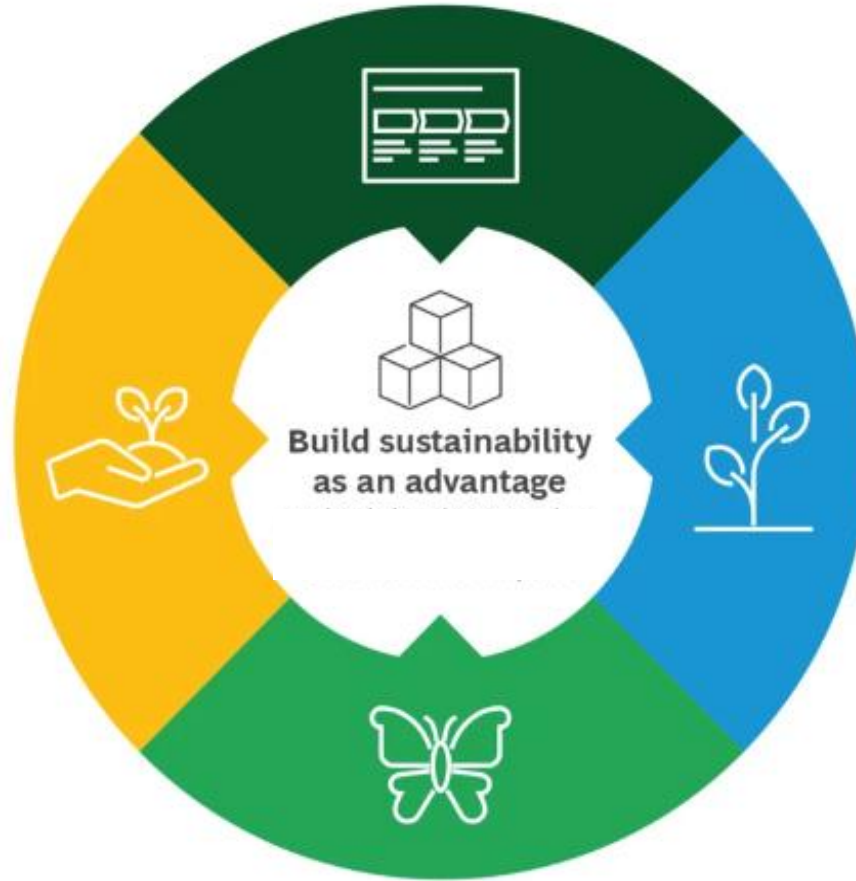
Change Management Models



Boston Consulting Group

Define the ambition, strategy, and roadmap

Make the core
business sustainable



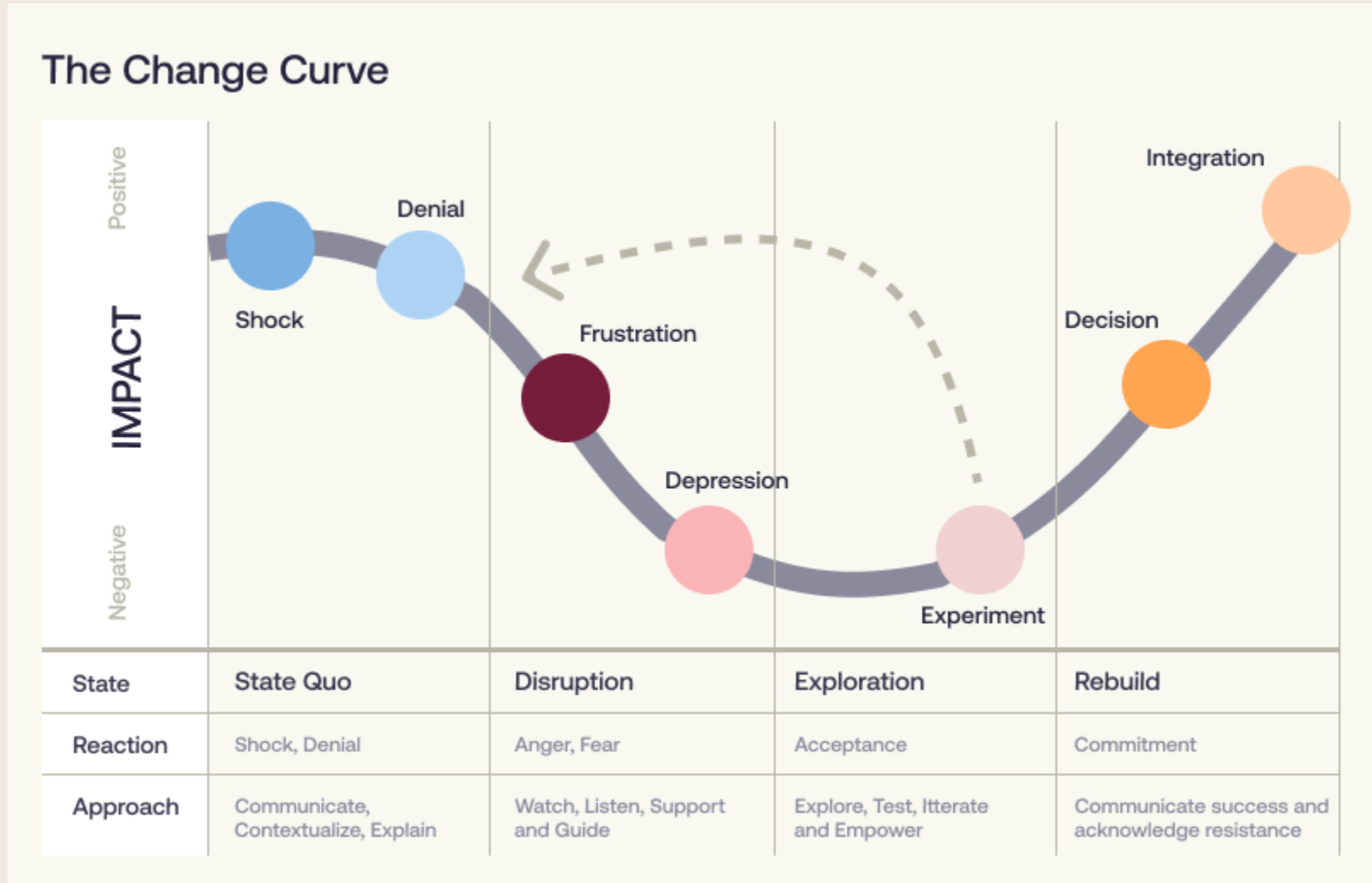
Drive new
sustainable growth

Enable the transformation

John Kotter



Managing change



Source: Dr. Kübler-Ross

Group discussion



Which are the most important enablers and blockers to drive change in your organisation?
List and discuss.



Empower the organisation

A Balancing Act



Connect to Business Priorities

Speak the Language of Other Departments

Secure Leadership Support

Build Cross-Departmental Alliances



Overcome Resistance and Barriers

Address Common Objections

Provide Tangible Solutions

Use Data to Drive Decisions

Highlight Success Stories



Empower Action

Encourage discussion, bringing up dilemmas and conflicts of interest.

Be transparent when something went wrong, and what the consequences were.

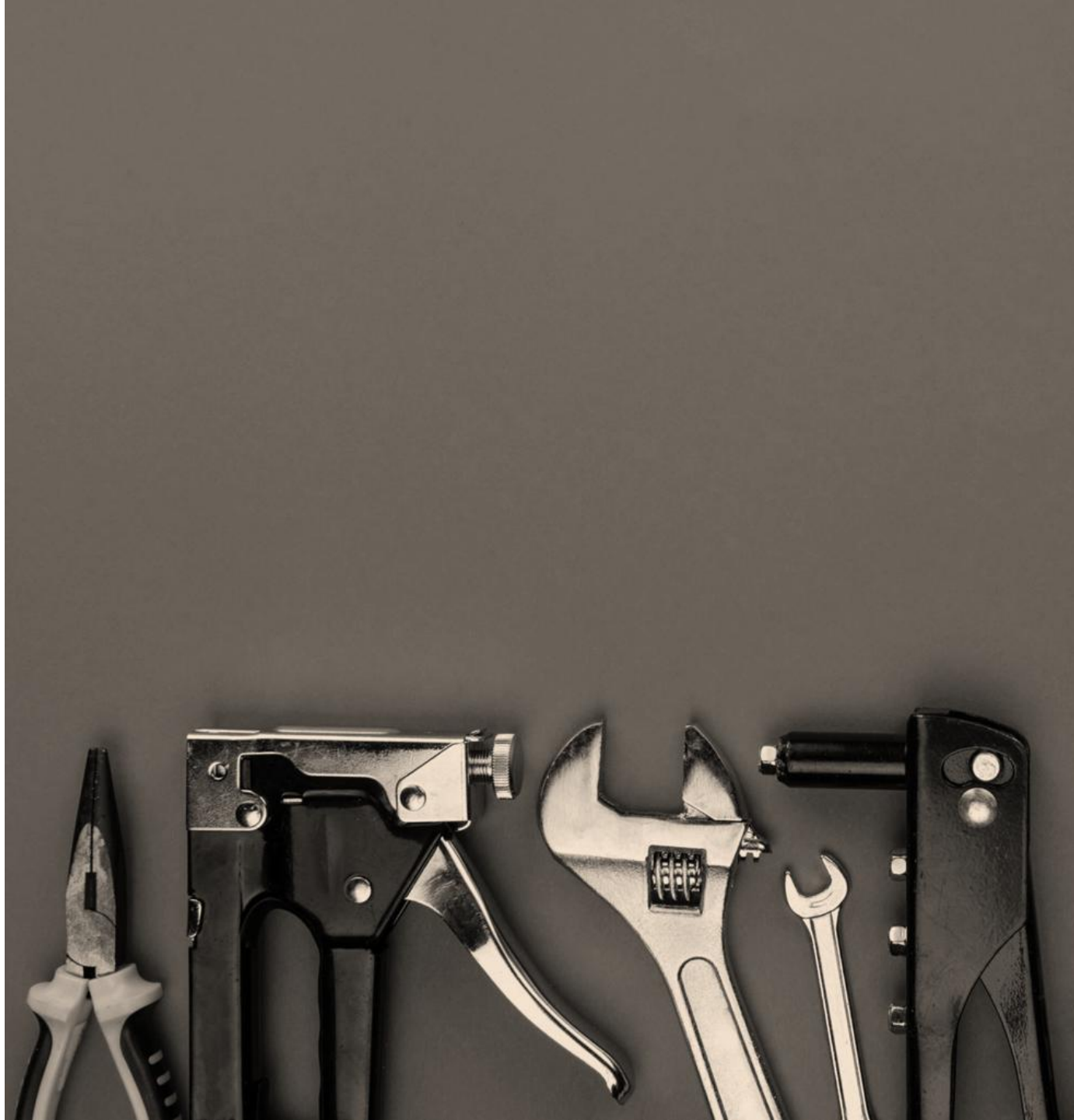


Be Practical

Create concise materials explaining what HRDD is, why it matters, and how it benefits the company.

Develop role-specific trainings.

Partner with NGOs or consultants who can provide credibility and technical support.



Take aways

- Understand your audience
- Align sustainability efforts with their priorities
- Identify one internal champion within your own organization who can help advocate
- Start small, but think big



Questions & Answers

A large herd of horses, possibly Camargue horses, is shown in a misty, golden-hued landscape. The horses are densely packed, with many heads visible, looking in various directions. The lighting is soft and warm, creating a dreamlike atmosphere. The background is hazy, suggesting a vast, open field or marsh.

Thank
you

