Resilient Business Within Planetary Boundaries

C-Suite and Board Engagement Guide

A BSR Brief to Engage the C-Suite and Boards on Moving Toward Resilient Business Within Planetary Boundaries

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BSR

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Objectives and Intended Audience for This Guide

You experience a disconnect between your business and sustainability goals.

You believe there's an opportunity for your company to transform for long-term resilience and meet your targets.

You now have to persuade your company to join you on this journey.

Who is this guide for?

- This guide is for Chief Sustainability Officers (CSOs) and/or members of the sustainability team who are challenged by their company's sustainability and business goals.
- It provides clear messaging to communicate the value and importance of addressing the tension between growth and sustainability with key internal decision-makers, including the C-suite and board.

Why is this guide needed?

- To support CSOs when engaging with the C-suite and Board of Directors.
- Building resilient business within planetary boundaries is a long-term opportunity that requires a mindset shift in how we look at growth.
- This guide addresses the tension between growth and sustainability and helps guide CSOs to engage with executive leadership at a time of competing priorities in an increasingly turbulent world.

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Preparing the Engagement

How to Use This Guide

This guide is designed to help you build a compelling case for engaging your C-suite and board of directors on moving toward resilient business within planetary boundaries.

Re-familiarize yourself with the problem, opportunity, and solutions leveraging the Business Brief

Explore suggested elevator pitches and tailored messages for each audience: CEO, CFO, and board

Explore and leverage key data points to reinforce your business case

By the end of the presentation, you will be equipped to build your key messages and capture the attention of your key internal stakeholders.

Note: As every business has different circumstances, this guide does NOT intend to provide ready-made solutions to enable your business to thrive within planetary boundaries.

Who Is the Key Audience and What Are the Steps of Engagement?

Chief Executive Officer

Chief Financial Officer

Board of Directors

The **steps** to engagement will depend on where the decision-maker sits on his or her sustainability journey

CAPTURING ATTENTION → **INCREASING AWARENESS** → **OBTAINING BUY-IN**

The **objective** varies with each step

Capturing Attention

- How to get the topic on the executive agenda

Increasing Awareness

- Raise awareness on the role of growth within planetary boundaries, and opportunities to address it for a resilient business
- Outline the immediate business case (need and opportunity) and obtain mandate to explore solutions

Obtaining Buy-In

- Get agreement to prioritize the issue across the organization and approval for next steps in moving forward
- Encourage more and/or bolder actions to transform the current business model

Different **tools** can support the engagement

Capturing Attention

- Elevator pitch to CEOs, CFOs, and BoDs

Increasing Awareness

- Business Brief
- Building a business case to CEOs, CFOs, and BoDs
- Proof Points Directory

Obtaining Buy-In

- FAQ for common concerns from CEOs, CFOs, and BoDs
- Proof Points Directory

03

Stakeholder Profiles and Tailored Messaging

Elevator Pitch

CEO

- **Our business is becoming more vulnerable to disruption from extreme climate-related weather events, as well as the degradation of nature on which we depend for our activities**. We have seen our [production processes/ supply chain] impacted, resulting in [resource shortages/logistic challenges]. Our employee health and productivity have been [reduced/impacted], especially in affected regions that are at a higher risk of climate impacts. This is no longer a risk that is far in the future, but one that is immediate, directly impacting the stability and long-term resilience of our business.
- **We're also not on track to meet our sustainability goals,** which not only brings reputational risks but also means our company is failing to become resilient in the face of supply chain-related disruptions, security of critical materials, and meeting stakeholder expectations, both internal and external. Simply eliminating such goals will not eliminate the problem: the key risks embedded in our current business models are here to stay.
- **We have an opportunity to tackle these issues, increase business resilience, and future-proof the company via business model innovation that addresses both sustainability and growth.** Starting this journey now will minimize risks to our operations and people, help us manage the financial impact of climate- and nature-related risks, and position us as tomorrow's leaders with sustainability issues as a key driver for our competitiveness and innovation strategy.

Building a Business Case (1/3)

CEO

Priorities	Sample Key Messages
Advance business objectives by minimizing business risks	• **Our business operations and value chain are vulnerable to the growing frequency and severity of climate-related events.** These floods, droughts, and wildfires impact our productivity, the health of our staff, and our ability to deliver to our customers. Extreme weather events are the second-most severe global risk in the short term of two years, according to the World Economic Forum. This year, the [climate-related event] in [location] has affected our [type of operations or segment of supply chain] and caused [scale of financial impact or delays in production] in financial damages. • **To secure business growth and resilience, we need to actively address the risks [that we have identified through X scenario analysis] and transform our business model and supply chain.** For instance, climate-related risks are expected to impact businesses severely, with some analysts projecting a 50% reduction in global GDP by 2090. The cost of climate inaction will be far higher than the cost of adaptation— acting early would not only protect our business viability but also save costs in the long run. • **Innovating ways to reduce our dependency on resource usage is critical to reduce the impact of any supply chain disruption and maintain business continuity in the long term**. Based on the Global Risks Report 2025, natural resources and critical materials shortage is the fourth-most impactful risk over a 10-year period, which is further exacerbated by geopolitical factors. • **The rapid evolution and uncertainty in the sustainability-related regulatory landscape is posing regulatory risks and associated financial impacts on our business. For the past few years, we have seen an exponential growth in sustainability regulations, incorporating voluntary frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and the Task Force on Climate-Related Financial Disclosures (TCFD) into mandatory requirements. While the regulatory landscape is constantly evolving, the expectations will remain for companies to assess and manage sustainability risks and opportunities and the associated financial effects through their climate strategy or transition plan.** Business model transformation is one of the ways that our company can reduce the financial effect of climate risks and maximize the financial effect of climate opportunities on our business. Some regulations, such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD) go beyond the assessment and management of sustainability risks and opportunities and mandate that companies (within and beyond the EU) evaluate, enact, and report on business model transformation required to align with global climate goals. • **We are at risk of failing to meet our sustainability target by [target year], which could expose us to reputational damages and financial costs of [scale of financial impact] from the transition and physical risks in a business-as-usual scenario.** We should explore more effective initiatives such as business model transformation to mitigate disruption risks and reduce resource usage while driving strong economic performance.

Building a Business Case (2/3)

CEO

Priorities	Sample Key Messages
Capture the opportunity of new business models to advance business goals	• **Focusing on innovating our business model in the transition can be our vehicle of growth.** A 2024 survey found that one-third of CEOs report that climate-friendly investments over the past five years have supported their business goals by leading to increased revenue. Companies that are transitioning their product portfolio toward climate solutions were also found to experience a revenue growth premium of up to 3 percentage points per year as compared to their competitors. • **Embracing change is an economic opportunity.** Recent research suggests transitioning to a nature-positive economy will unlock US$10 trillion in business opportunities and create 4 million jobs annually: an opportunity that traditional business models will miss. • **Actively rethinking our business model can help us to anticipate future customer demand and mitigate risks to enable business value in the medium to long term.** Over 40% of CEOs agree that their company will not remain viable for more than 10 years if they continue their current path. • **We believe that there are opportunities to respond to consumers / customers that are increasingly inclined to purchase sustainable products.** Through [type of business model transformation], we could restructure our product or client portfolio to meet the consumer or customer demands and align our business and sustainability objectives. Even with cost-of-living and inflationary concerns, consumers are found to be willing to pay a premium of 9.7% for sustainable products in 2024.

Building a Business Case (3/3)

CEO

Priorities	Sample Key Messages
Meet stakeholder expectations	• **The board of directors will likely question us about the integration of sustainability in our business strategy as they have new duties to oversee and govern sustainability-related risks and impacts on the business (i.e., the Corporate Sustainability Reporting Directive (CSRD), International Financial Reporting Standards (IFRS))**. They will play an important role in understanding and questioning how we are addressing disruption-related risks, and integrating business model transformation in our business strategy, for example through new sustainable products and services that advance growth. • **Our investors, including [investor names], have challenged us as to how sustainability risks and opportunities are taken into account in our long-term business strategy to ensure business resilience, including [recent investor request].** PwC suggests almost 70% of investors are aligned that companies should make expenditures to address material sustainability issues even if such expenditures might reduce near-term profitability. We can showcase our business resilience by integrating business model transformation into our business strategy, which mitigates business risks by reducing our reliance on resource inputs and generating less waste. • **Talent retention and attraction is a key risk for the resilience of the company, which can be mitigated by having strong integration of sustainability into our business model and strategy.** According to a Korn Ferry study in 2024, there will be a global human shortage of more than 85 million people by 2030, which could lead to about $8.5 trillion of unrealized annual revenues. Having a stronger focus on sustainability in our business strategy can help to retain and attract talent as 30% of Gen Zs and millennials research companies' environmental impact or policies before accepting a job offer and around 20-25% of Gen Zs and millennials plan to change their jobs due to environmental impact concerns. Our recent employee survey has also showed that [percentage] of our colleagues are keen to see the company do more in sustainability.

FAQ for Common Concerns (1/2)

CEO

Concerns/Arguments	Tailored Messaging
Our business model has been working well. Why should we change?	**Our current business model has supported us in achieving business growth; however, continuing with the same business model risks slowing or even hindering our progress.** Businesses are likely to be severely impacted by climate-related risks projected to contribute to a 50% reduction in GDP by 2070-2090. There is an opportunity in transitioning early, and this calls for new business models that are more resilient to such climate risks and less reliant on natural resources. Some companies have already been acting on this issue— a PWC report mentions that 63% of CEOs have taken at least one significant action to change how their company creates, delivers, and captures value. **Furthermore, with the current uncertain economic and political environment, it is important for us to start examining whether our business model is resilient against future economic, regulatory, climate and nature risks, impacts, and disruptions.** Business model transformation can optimize opportunities to achieve business goals in the short to long run. By starting now and moving incrementally, we can be prepared for future risks and facilitate a smooth transition.
Business model transformation is a drastic change. Our employees, BoD, or shareholders might resist changes perceived as disruptive.	**We do not need to have a complete overhaul of our business model and can implement changes gradually.** Innovating our business model is key to addressing business risks and protecting our business viability in a volatile environment disrupted by geopolitical tensions, extreme weather events, and regulatory changes. Proactively transforming our business model can also help us capture opportunities and ensure we're relevant in the market with our portfolio of products and services. Companies which have transitioned their product portfolio toward climate solutions, for example, have experienced a revenue growth premium of up to 3 percentage points per year as compared to their competitors. We can start by examining our current model and conducting a scan to determine the activities that can be scaled or reduced to optimize business performance—reducing risks and capturing identified opportunities. We can then identify ways to reflect these changes in our governance structure, revenue model, operations, and value chain. The findings of these assessment will support the development of a multi-year roadmap, which we can use to communicate expected changes with our stakeholders to address any concerns. **Being transparent about the strategy, expected changes, its benefits and impacts would help us attain buy-in from these stakeholders.**
There has been so much public scrutiny around corporate sustainability. Making such a bold move will draw attention to us and can trigger backlash and reputational damage.	Public backlash in recent years mainly revolved around corporate greenwashing and whether companies can meet their sustainability targets. What we have learned from these earlier cases is that **we should be more clear-eyed around the purpose and limits of our ambitions and plans and balance our ambition with a healthy dose of humility and recognition of limitations**. Business model transformation can be a good lever for us to meet our sustainability targets and reduce risks of greenwashing and public backlash. **There is still value in communicating a long-term vision to steer the company and our wider value chain players.** This will not only drive innovation and co-creation in the field to support our pursuit for sustainable operations and production, but also highlight our commitment and priority in incorporating sustainability in our strategy through business model innovation.

FAQ for Common Concerns (2/2)

CEO

Concerns/Arguments	Tailored Messaging
There are very few case studies of large companies that have fully adopted alternative business models to address the tension between growth and sustainability goals.	**While there are limited case studies, there are large companies that have adopted alternative business models and are still achieving business goals** (more case studies can be found in the Strategic Framework): • Patagonia Inc. is an American retailer of outdoor clothing and gear, which has adopted a purpose-driven business model with circular initiatives. While Patagonia has acknowledged that the journey is not easy, the company had revenue in 2024 of more than US$1 billion. • Nexans is a French cable manufacturer that intentionally made the decision to reduce the client base from 13,000 to 4,000 to integrate environmental sustainability into its business model. The company reduced its carbon footprint by 30% since 2018 and achieved record profitability in early 2024. • Ingka Group, the largest retailer of IKEA, has a prioritized focus on investing across the business to make IKEA more accessible, affordable, and sustainable with the switch to zero emission vehicles, renewable energy, circular initiatives, and a reduction of its sales volumes. As a result, the company managed to decrease its climate footprint by 30.1% as compared to 2016 levels and increase its revenues by 23.7%. **We can take the opportunity to optimize the early-mover advantage before other companies jump on the bandwagon.** This way, we can establish ourselves as one of the market leaders and a trustworthy partner and brand that investors and customers can support.
We just want to focus on meeting minimum regulation requirements.	**We are seeing a trend in the evolving regulatory landscape** where standards, such as the IFRS S2, are pushing companies to assess, manage, and report on the (financial) risks to business and moving toward **business model transformation** to achieve targets. Meeting minimum regulation requirements now will help us achieve compliance in the short term. However, embracing a proactive approach to integrate business model transformation into our business strategy will help meet regulatory requirements and ensure that **our company builds resilience against external challenges ranging from climate-induced extreme weather events to supply chain disruptions and maximizes opportunities from untapped markets that appeal to increasingly sustainability-focused consumers and customers.** This will support our company in managing the short- to long-term financial effect of material sustainability risks and opportunities on our business.

Elevator Pitch

CFO

- **We face a significant financial risk that has yet to be fully addressed in our enterprise risk management.** While we have assessed the impact of climate and nature risks on our operations and supply chain, the rising frequency and intensity of extreme weather events, along with escalating biodiversity losses and nature degradation, have made these risks more urgent to address in the short term rather than the long term. In [year], climate and nature impacts resulted in disruptions in our operational and production process and resulted in [estimated amount of financial losses], such as in [operating location or production location that was affected by climate and nature impacts]. We should actively address these risks to reduce the likely increasing financial costs from climate and nature impacts.
- **Business model innovation can help us reduce costs and secure new revenues from untapped markets by focusing on maximizing resource efficiency and targeting our sales to growing customer values**. Nexans, a French cable manufacturer, exemplifies this through an initiative to reduce its client base from 13,000 to 4,000 and focus on meeting their demands. As a result, the company has reduced its carbon footprint by 30% since 2018 and achieved record profitability in early 2024. At the same time, we are seeing increased interest from [our customers] to purchase sustainably sourced or produced products. Business model innovation will help reduce risk and capture financial opportunity for the short to long term.

Building a Business Case (1/3)

CFO

Priorities	Sample Key Messages
Manage costs to meet short-term financial targets and answer to the board of directors and investors	• **We can save costs in the long run through early implementation of sustainability strategies and investments in business model innovation.** It is predicted that the world economy will face an income reduction of 19% by 2050 regardless of future emission choices. Delaying climate and nature action can put our finances at risk in the medium to long term as the median climate damages are predicted to be six times larger than the median mitigation costs in 2050. • **Our current initiatives focusing on efficiency and minimizing waste are insufficient to mitigate potential risks from climate and nature impacts.** This is because these climate and nature impacts adversely affect the people and natural resources, which our companies relies on for the execution of our operations and production. 50% of the world's GDP is dependent on nature. We can innovate our business model to minimize resource usage and waste which reduces our operational costs. Business model transformation contributes to nature-positive outcomes that could provide a combined value opportunity of nearly US$700 billion annually and reduce operating costs for businesses. • **While traditional queries and requests from investors and the board of directors have revolved around our short-term financial performance, we have observed increasing requests and questions for us to exemplify the company's long-term resilience against climate and nature impacts and disclose potential financial effects from climate and nature impacts.** To answer to our investors and the board of directors, we need to examine our current business model and develop a strategy to build our business resilience against climate and nature impacts. • **Employee retention has been challenging in recent years and is incurring considerable costs**. In recent years, we have observed that our turnover rate has increased by [percentage]. While the financial cost might not be apparent, it has been estimated by Gallup that the replacement of leaders and managers costs around 200% of their salary, technical professionals 80% of their salary, and frontline employees 40% of their salaries. We can work toward retaining our employees by implementing sustainable strategies such as business model innovation, especially since overall environmental policies and practices is seen as the third-most-important factor by employees when deciding whether to stay with an employer. • **Our company's growth and value heavily depends on natural resources that can be affected by supply chain disruptions, geopolitical tensions, and climate and nature impacts.** It is important that we proactively implement measures to reduce our reliance on these natural resources as natural resources and critical materials shortage has been identified as the fourth-most-impactful risk over a 10-year period. We can explore business model innovation as a lever to continue our business growth while reducing the need for natural resources for our company's operations and production.

Building a Business Case (2/3)

CFO

Priorities	Sample Key Messages
Explore new revenue streams and untapped markets	• **We can contribute toward our company's growth by exploring new revenue streams and untapped markets.** For instance, the global circular economy market was valued at US$555 billion in 2023 and is expected to grow to US$1,900 billion by 2033. A 2024 study by Ellen MacArthur Foundation and Oliver Wyman also found that moving to a circular economy in the electric vehicles and battery manufacturing, built environment, and electronic equipment sectors can unlock up to US$1.5 trillion in new revenue and economic value in the US alone. • **We can boost the growth of our company through business model innovation.** In 2024, one-third of CEOs reported that climate-friendly investments over the past five years led to increased revenue. Companies who are transitioning toward climate solutions in their product portfolio have also experienced a revenue growth premium of up to 3 percentage points per year as compared to their competitors. • **There is an opportunity for our company to increase revenue streams by exploring the market of sustainable products / services.** Consumers are willing to pay a premium of 9.7% for sustainable products despite cost-of-living and inflationary concerns. We can explore business model transformation to develop new products/services that meet these consumers/customers' demands, which can increase our profit margins and help us stay competitive amid the volatile business environment.

Building a Business Case (3/3)

CFO

Priorities	Sample Key Messages
Identify and manage risks that could affect the company's financial state	• **We will likely see increasingly significant financial costs due to climate impacts over the coming years, especially in operating locations exposed to extreme weather events and climate impacts.** The physical impacts of climate change can equal an average of 3.3% and up to 28% per year of the value of real assets held by companies in the S&P Global 1200 by 2050 if companies do not put adaptation measures in place. If we continue to delay the transition of our business model, we will likely face drastic damages to our enterprise value and in the worst case, fail in the evolving economy and environment. • **Biodiversity loss and nature degradation is a significant financial risk to businesses, and mismanaging nature-related risks may lead to serious financial losses**. Over 50% of the world's GDP—equivalent to US$58 trillion—is moderately or highly dependent on nature, an indicator of the financial costs of nature inaction. Based on our nature assessment, we have found that [percentage] of our assets are located in high or extreme water risk areas or key biodiversity areas (KBA). We need to take an active approach to address nature-related risks that could thereby lead to higher operational costs or reduced revenue due to resulting disruptions in our supply chains and operations. • **For the past few years, we have seen an exponential growth in sustainability regulations, incorporating voluntary frameworks such as TNFD and TCFD into mandatory requirements. While the regulatory landscape is constantly evolving, the expectations will remain for companies to assess and manage sustainability risks and opportunities and the associated financial effects through their climate strategy or transition plan.** Furthermore, regulations such as the EU's CSRD and CSDDD (as of January 2025) mandate that companies conduct sustainability due diligence and go a step further to evaluate, enact, and report on business model transformation required to align with global climate goals, which poses additional regulatory risks and associated financial impacts on our business. We need to actively address these regulatory requirements and ensure that we are in accordance with the law. Business model transformation could be a lever to support our management of sustainability risks and opportunities and meet these regulatory requirements.

FAQ for Common Concerns

CFO

Concerns/Arguments	Tailored Messaging
This transformation would require high upfront costs. The ROI is also difficult to determine, and the payback period is too long.	Transforming is an opportunity for business resilience. Transforming our business model has the potential to add value to our top and bottom lines. • **Top-line impact**: There have been reports showing that investments in climate solutions have led to increased revenue and financial benefits. Based on the World Economic Forum's The Cost of Inaction report, every dollar invested in adaptation and resilience measures can yield $2 to $19 of financial benefits. Furthermore, there has been growing interest in initiatives such as circular products from consumers and investors, which could support client retention and opportunities for new revenue streams and innovations. According to Capgemini Research Institute's 2021 report, 72% of global consumers are interested in purchasing more durable products and 70% are interested in maintaining and repairing products to increase the product's lifespan. • **Bottom line impact**: Transforming our business model can reduce the resources used in the production and distribution of our goods and services, thus lowering expenses incurred and the potential long-term financial effects of climate and nature impacts. • **Performance**: The performance of the business relies on natural resources that are not only becoming more limited, but are also affected by climate and nature impacts such as extreme weather events. Switching to an alternative business model ensures that the company thrives within planetary boundaries and remains resilient against such impacts in the long run.
Climate and nature impacts are not priority risks or concerns that threaten our short-term business continuity and success.	While we might have thought that climate and nature impacts are distant concerns for the future, we are seeing **increased frequency and severity of extreme weather events in recent years, including floods, droughts, and wildfires, that impact the stability of our business operations and supply chains**. Extreme weather events have been identified as the second-most severe risk in the short term period of two years by the World Economic Forum, and they have been forecasted to intensify in both frequency and severity. Wildfires in California in early 2025 were estimated to have resulted in over US$250 billion in losses. Our supply chains in [location or region] have been affected by [extreme weather event name or nature impact], causing us a loss of [value and scale of financial impact]. We need to prioritize climate and nature impacts and transform our business model and supply chain to mitigate their impacts on our short-term and long-term business continuity and success.

Elevator Pitch

BoD

- **A significant threat lies before us that endangers the long-term viability of the company.** Based on the World Economic Forum’s Global Risks Report 2025, we are likely to experience severe risks of natural resource shortage, biodiversity loss and ecosystem collapse, and extreme weather events over the next 10 years, which can drastically disrupt our operational and production stability. Up to [percentage] of our assets and supply chain are at risk because they are located in high water or climate risk areas. To protect our business resilience, we need to account for these risks at an early stage and find ways to reduce our dependencies on resources.
- **We have an opportunity to future-proof our business through business model innovation.** Integrating business model innovation into our business strategy can also meet evolving sustainability disclosure regulatory requirements that have adopted voluntary standards such as IFRS, TCFD, and TNFD as mandatory requirements, while answering to our shareholders, investors, and other key stakeholders, who have been showing [increased concerns] about the company’s resilience.
- **With new sustainability-related director duties, your active involvement in overseeing business model transformation at management level will be an important signal of the company’s commitment to embedding sustainability innovation into our business strategy**. It will also help accelerate efforts across our operations and value chain to build business resilience.

Building a Business Case (1/3)

BoD

Priorities	Sample Key Messages
Set direction to protect the long-term viability of the company and the interests of shareholders	• **Our company's operations in the long term might face drastic disruptions from climate and nature impacts, including resource shortage and extreme weather events**. Based on the World Economic Forum's Global Risks Report 2025, the top four most-severe risks in the long-term period of 10 years include natural resource shortage, critical change to Earth systems, biodiversity loss and ecosystem collapse, and extreme weather events. Given the geographical coverage of our assets and supply chain, [percentage] of our assets are in high or extreme water risk areas or key biodiversity areas (KBA) and [percentage] of our supply chain is in high climate risk areas. We need to innovate to ensure the long-term viability of the company. One way of achieving this would be through business model innovation, which can reduce our reliance on resource usage while actively mitigating climate and nature impacts. • **We can protect the long-term viability of the company and reduce the risks of our product/service portfolio through business model innovation.** Over 40% of CEOs agree that their company will not remain viable for more than 10 years if they continue their current path. Furthermore, business model innovation can support our venture to maintain our customers' loyalty to our brand and capture opportunities to meet the demands of consumers or customers that are increasingly interested in purchasing sustainable products. Even with cost-of-living and inflationary concerns, consumers say in a PWC report they are willing to pay a premium of 9.7% for sustainable products in 2024. • **While circular and regenerative practices have been slowly gaining popularity in recent years among companies as a way to reduce waste and resource dependency, we noticed that such evolving innovations could also serve a dual purpose as new revenue streams.** The global circular economy market was valued at US$555 billion in 2023 and is expected to grow to US$1,900 billion by 2033, which indicates a good opportunity for us to meet consumer demand and ensure business growth. Recent research suggests transitioning to a nature-positive economy will unlock US$10 trillion in business opportunities and create 4 million jobs annually: an opportunity that traditional business models will miss.

Building a Business Case (2/3)

BoD

Priorities	Sample Key Messages
Manage risks and opportunities to achieve an orderly transition that reduces unexpected impacts on the business	• **Climate and nature inaction is an immediate and long-term risk to the stability of our business, which we can mitigate through early investments in climate mitigation and business model transformation to reduce waste and resource usage.** We are already seeing impacts of climate change and nature degradation through extreme weather events and resource scarcity. Since 2000, climate-related disasters has caused over US$3.6 trillion in economic damage. If we continue to delay climate action, we could face physical risks that put up to 25% of our EBITDA at risk within the next two decades. By innovating our business model and aligning our business and sustainability goals, we can reduce losses and damage in the long run as the median climate damages are predicted to be six times larger than the median mitigation costs in 2050. • **The board and management teams are increasingly expected by global sustainability reporting requirements to be involved in both the reporting process and in the development and management of corporate sustainability strategies and initiatives**. While it started from voluntary disclosures aligning with IFRS, TCFD, and TNFD, it is now mandatory by law to report on how the board and the management team oversee, assess, and manage sustainability-related issues. One example would be IFRS S1 and S2's requirements regarding director duties and oversight on climate issues. Similarly, the recently passed Treasury Laws Amendment bill in Australia requires relevant companies to disclose their climate-related plans and associated financial risks and opportunities. As part of the sustainability report, directors are required to declare whether the sustainability report is compliant with sustainability standards. This highlights the rising expectation for the board to be actively involved in the sustainability reporting and management process. • **With the rapidly evolving global landscape of sustainability reporting regulations, we need to protect ourselves from regulatory risks of noncompliance by taking a proactive approach to anticipate and adapt to these requirements**. It is likely companies will continue to be expected to assess and manage sustainability risks and opportunities and associated financial effects through the climate strategy and transition through the incorporation of voluntary frameworks such as IFRS, TNFD, and TCFD into mandatory law. While most sustainability reporting regulations require the disclosure of plans, targets, and metrics to address sustainability-related impacts, risks, and opportunities, there are also regulations that require companies to take a step further. For instance, EU's CSDDD mandate that companies conduct sustainability due diligence and evaluate, enact, and report on business model transformation required to align with global climate goals. With such expectations from the regulations, starting early to explore business model transformation can help us avoid unexpected financial strains from regulatory risks. • **In recent years, companies worldwide are facing additional pressures from regulatory risks of climate litigation, which can pose significant financial costs to our business.** In 2023, at least 230 new climate cases were filed, including more than 30 cases where companies are being held accountable for climate-related impacts that were caused by their contributions to greenhouse gas emissions. Climate litigation has been found to cause a reduction in share price of fossil fuel companies by 0.57% after the case was filed and by 1.5% after an unfavorable judgment has been passed. While climate litigation has primarily focused on oil and gas companies, the range of sectors involved has increase since 2021, and other sectors are likely to be subjected to climate-related lawsuits. By actively adopting strategies that can mitigate and reduce the company's climate and nature impact, such as business model transformation, we can reduce the risks of having cases being filed against us and incurring the associated financial costs.

Building a Business Case (3/3)

BoD

Priorities	Sample Key Messages
Manage and address investor expectations	• **Investors are looking for enhanced reporting about the operations and oversight of the board regarding sustainability and have been questioning how resilient the company is in addressing climate and nature risks in our short-term and long-term strategy.** Based on PwC's 2024 Stewardship Investor Survey, 55% of investors are dissatisfied with how the management connects sustainability to the company's long-term growth strategy in reporting and other communications. With the integration of business model innovation in our short-term and long-term business strategy, we will be able to showcase the company's effort to increase our long-term resilience and ensure the stability of our business growth amid the climate and nature impacts.
Secure talent in an era of workforce instability	• **We have been seeing increasing challenges to retain and engage our employees.** This is a global phenomenon that was captured by Gallup, where 52% of the world's employees had indicated that they are watching for or actively seeking a new job in 2023. In [year], our turnover rate was [percentage]. We need to find ways to motivate and inspire our employees to work and stay in our company. One of the ways can be through integrating sustainability efforts such as business model innovation, which not only supports our journey in building business resilience, but also meets employees' expectations. Based on a survey by the Deloitte Consumer Center in 2023, 69% of global employees would like their companies to invest in sustainability efforts such as carbon reduction, use of renewable energy, and waste reduction. Overall, environmental policies and practices is seen as the third-most-important factor by employees when staying with an employer.

FAQ for Common Concerns

BoD

Concerns/Arguments	Tailored Messaging
We need to focus on navigating the uncertain geopolitical and economic environment to maintain stable business growth.	We agree that it is important to focus on navigating the uncertainty amid the geopolitical and economic contexts. That is precisely why **we should take an active step to minimize our company's reliance on resources that are required for production and operations since we have limited control of and influence on the geopolitical and economic environment**. Kickstarting our journey in business model innovation can help us reduce the impacts of predicted global disruptions, ranging from natural disasters to supply chain disruptions, and help us maintain stable business growth.
We do not have the expertise or capital to work on such ambitious transformations of our business model.	We do not need to drastically revamp our business model from the get-go. In fact, **we have already been building the foundation for elements of business model innovation in our supply chain**, such as [example of sustainable production process or sustainability criteria for selecting suppliers; sustainable sourcing requirements; or circular initiatives such as reduction or reuse of packaging]. We can rethink our current priorities and determine where we can shift our energy toward further implementation and upskill our colleagues at all levels for improved understanding of how they can better integrate business model innovation in their respective departments and areas of work.

04

Proof Points

A Data Bank to Help Strengthen Your Arguments

The most persuasive communications combine statistics with stories. Leaders will need to see evidence that your arguments and assumptions are well founded.

Topic	Evidence
Climate risks and costs of inaction (1/2)	• Regardless of future emission choices, the world economy is moving toward a trajectory of an income reduction of 19% by 2050, with global annual damages estimated to be US$38 trillion. The median climate damages are predicted to be six times larger than the median mitigation costs in 2050. • Climate inaction could cost the world's economy US$178 trillion by 2070. However, by rapidly accelerating the transition to net-zero, the global economy could gain US$43 trillion by 2070. • Since 2000, climate-related disasters have caused over US$3.6 trillion in economic damage. Continued climate inaction would result in physical risks that put up to 25% of companies' EBITDA at risk within the next two decades. • Continuing our current policies could result in a 50% reduction in GDP of the global economy between 2070 and 2090. • The physical impacts of climate change can equal an average of 3.3% and up to 28% per year of the value of real assets held by companies in the S&P Global 1200 by 2050 if companies do not put adaptation measures in place. • Looking at carbon-intensive sectors, companies that fail to decarbonize could face EBITDA impacts of up to 50% from carbon pricing alone by 2030. • Climate-related disasters (e.g., hurricanes, floods, wildfires) were responsible for US$299 billion in economic losses due to damage to assets and capital in 2022 alone. • The Los Angeles wildfires in early 2025 caused an estimated economic loss of more than US$250 billion and displaced more than 150,000 people. • Sea-level rises could cause additional losses of $400-$520 billion per year by 2100 under the most extreme warming scenarios.

Topic	Evidence
Climate risks and costs of inaction (2/2)	• The agricultural sector, on our current trajectory, is likely to see the risk of crop yield failure increase by 4.5 times by 2030 and 25 times by 2050. In 2019, floods in the midwestern US caused a loss of $4.5 billion in agricultural sales. • 86% of all ports are exposed to damaging climate hazards. The physical damages and port downtime associated with these natural hazards puts trade worth US$67 billion at risk every year. • A temperature rise of 1.5°C is projected to reduce global working hours by 2.2% worldwide by 2030, costing the global economy US$2.4 trillion. • The health costs of air pollution and climate change in the US alone far exceed US$800 billion a year.
Risks and associated costs of climate litigation	• The volume of climate litigation cases across the globe has increased exponentially over the past 10 years. The cumulative number of climate-related cases has quadrupled from 581 in 2013 to 2,410 in 2023. • At least 230 new climate cases were filed in 2023, with 47 cases relating to “climate-washing” and more than 30 cases seeking to hold companies responsible for climate-related harm due to their contributions to greenhouse gas emissions. • Climate litigation has caused a reduction in the share price of fossil fuel companies. The relative value of these companies was cut by an average of 0.57% after a case was filed and by 1.5% after an unfavorable judgement.
Economic importance of protecting nature (1/2)	• 85% of the world's largest companies have a significant dependency on nature across their direct operations. • Biodiversity loss and nature degradation is a significant financial risk to businesses, and mismanaging nature-related risks may lead to serious financial losses. BloombergNEF and TNFD have profiled 10 companies that incurred financial losses as a result of the impacts, dependencies, and risks associated with nature. • 55% of the world’s GDP—equivalent to US$58 trillion—is moderately or highly dependent on nature, an indicator of the severe financial costs of nature inaction. • A study published by npj Climate and Atmospheric Science in the journal Nature shows that the cost of measures to limit the consequences of a sudden melting of the ice cap (considered as a tipping point) is four times higher than trying to limit the damage before this tipping point is reached. • Nature positive outcomes can provide a combined value opportunity of nearly US$700 billion annually at a global level by reducing operating costs for businesses.

Topic	Evidence

Economic importance of protecting nature (2/2)	• Ecosystem services worth more than 10% of the global economic output is lost every year.
	• Representing a total of US$1.6 trillion in market capitalization, 13 of the sections in the FTSE 100 were associated with production processes that have highly material dependence on nature.
	• Based on the World Economic Forum's Sector Transitions to Nature Positive series, nature-positive opportunities across four sectors globally has been estimated at US$1.4 trillion. By adopting the nature-positive initiatives:
	  • The automotive sector can unlock over US$960 billion per year in additional value by 2030.
	  • The cement and concrete sector can unlock over US$40 billion per year in additional value by 2030.
	  • The chemical sector can unlock over US$320 billion in annual business opportunities by 2030.
	  • The household and personal care products sector can unlock over US$60 billion per year in additional value by 2030.
	  • The mining and metals sector can unlock over US$430 billion per year in additional value by 2030.
	  • The offshore wind sector can unlock over US$5.5 billion per year in additional value by 2030.
	  • The port sector can unlock over US$54 billion in annual business opportunities by 2030.

Decrease in cost of capital with sustainability	• An investigation of firms within the S&P 500 over the period 2010-2019 indicates that better ESG rating is associated with lower cost of unsecured debt in the primary bond market. • A 2024 MSCI study showed a strong correlation between a company's MSCI ESG rating and its financing costs in both equity and debt markets, where the companies within the top ESG quintiles had lowest cost of capital as compared to those in the other ESG quintiles.
Return of sustainable investments	• Sustainable funds outperformed traditional funds in 2023, where sustainable funds had a median return of 12.6% as compared to 8.6% for traditional funds. • Global ESG assets were predicted by Bloomberg Intelligence to hit US$40 trillion by 2030 despite challenges in geopolitical environment and ESG scrutiny. • One-third of CEOs report that climate-friendly investments over the past five years have supported their business goals by leading to increased revenue. • Companies who are transitioning their product portfolio toward climate solutions were also found to experience a revenue growth premium of up to 3 percentage points per year as compared to their competitors. • Based on the World Economic Forum's The Cost of Inaction report, every dollar invested in adaptation and resilience measures can yield $2 to $19 of financial benefits.

Topic	Evidence
Customer demand for sustainability	• Studies show that products marketed as sustainable grow 5.6 times faster. • The PwC's 2024 Voice of the Consumer Survey found that despite cost of living and inflationary concerns, consumers are willing to spend an average of 9.7% more on sustainably produced or sourced goods. • A 2022 IBM study found that 49% of consumers have paid a premium (an average of 59% more) for products branded as sustainable or socially responsible. • According to Capgemini Research Institute's 2021 report, 72% of global consumers are interested in purchasing more durable products and 70% are interested in maintaining and repairing products to increase the product's lifespan.
Market opportunity for sustainable and green products	• The market for green technologies and solutions was estimated at more than US$5 trillion by BCG in 2024, heading for nearly US$14 trillion by 2030. • Moody's Ratings has predicted the global issuance of labelled sustainable bonds to reach US$1 trillion in 2025. • Despite taking only 18.5% of the current market, sustainable consumer goods drive one-third of consumer goods growth and are growing at 9.9% CAGR. • The global circular economy market was valued at US$555 billion in 2023 and is expected to grow to US$1,900 billion by 2033. • Moving to a circular economy in the electric vehicles and battery manufacturing, the built environment, and the electronic equipment sectors can unlock up to US$1.5 trillion in new revenue and economic value in the US alone.
Employee attraction and retention	• 30% of Gen Zs and millennials research companies' environmental impact or policies before accepting a job offer, and around 20-25% of Gen Zs and millennials plan to change their jobs due to environmental impact concerns. • 24% of job candidates would reject job offers from companies that they perceive as unsustainable. • Based on a Deloitte survey in 2024, More than 60% of employees think that their employers are not doing enough to address climate change and sustainability. • 69% of global employees would like their companies to invest in sustainability efforts such as carbon reduction, use of renewable energy, and waste reduction. • Overall environmental policies and practices is seen as the third-most-important factor by employees for them to stay with an employer. • According to a Korn Ferry study in 2024, there will be a global human shortage of more than 85 million people by 2030, which could lead to about US$8.5 trillion of unrealized annual revenues. Furthermore, 52% of the world's employees indicated that they are watching for or actively seeking a new job in 2023. According to Gallup, the replacement of leaders and managers costs around 200% of their salary, technical professionals 80% of their salary, and frontline employees 40% of their salaries.

Topic	Evidence
Investors' interest in sustainability performance	• According to McKinsey's 2023 survey, 85% of chief investment officers stated that ESG is an important factor in their investment decisions. 55% of the surveyed chief investment officers were willing to pay a premium of 5% and more for ESG initiatives. • More than half of the investors had plans to increase sustainable investments in 2024, where climate action, healthcare, water solutions, and circular economy are prioritized. • Almost 70% of investors were aligned that companies should make expenditures to address material sustainability issues even if such expenditures might reduce near-term profitability. • Based on PwC's 2024 Stewardship Investor Survey, 55% of investors are dissatisfied with how the management connects sustainability to the company's long-term growth strategy in reporting and other communications.
Investor awareness and focus on ESG projects are on the rise	• Global investment in the energy transition hit a record US$1.8 trillion in 2023, up 17% from the previous year. • US$180 billion of private investments were used to fund plastics circularity from 2018 to 2023. • With effective progress on governance, global demand for voluntary biodiversity credits could reach US$2 billion in 2030 and US$69 billion by 2050. • More than half of individual investors said they plan to increase their allocations to sustainable investments in the next year (2024), while more than 70% believe strong ESG practices can lead to higher returns.
Need and opportunity for reinventing business models	• Over 40% of CEOs agreed that their company will not remain viable for more than 10 years if it continues its current path. • 63% of CEOs have taken at least one significant action to change how their company creates, delivers, and captures value. • Recent research suggests transitioning to a nature-positive economy will unlock US$10 trillion in business opportunities and create 4 million jobs annually—an opportunity that traditional business models will miss.
Scarcity of natural resources	• According to the World Economic Forum's Global Risks Report 2025, natural resource shortage is the fourth-most-severe risk in the long term (10 years), following critical change to Earth systems (third), biodiversity loss and ecosystem collapse (second), and extreme weather events (first). • The UNEP Global Resources Outlook 2024 Report stated that material use has increased more than three times over the last 50 years and will likely increase by almost 60% by 2060 as compared to 2020 levels, far exceeding the limits to meet essential human needs in line with the sustainable development goals.

Appendix

Data Sources for Identifying CEO Priorities for the Business Case

CEO

CEO Top 10 Strategic Business Priorities for 2024/25

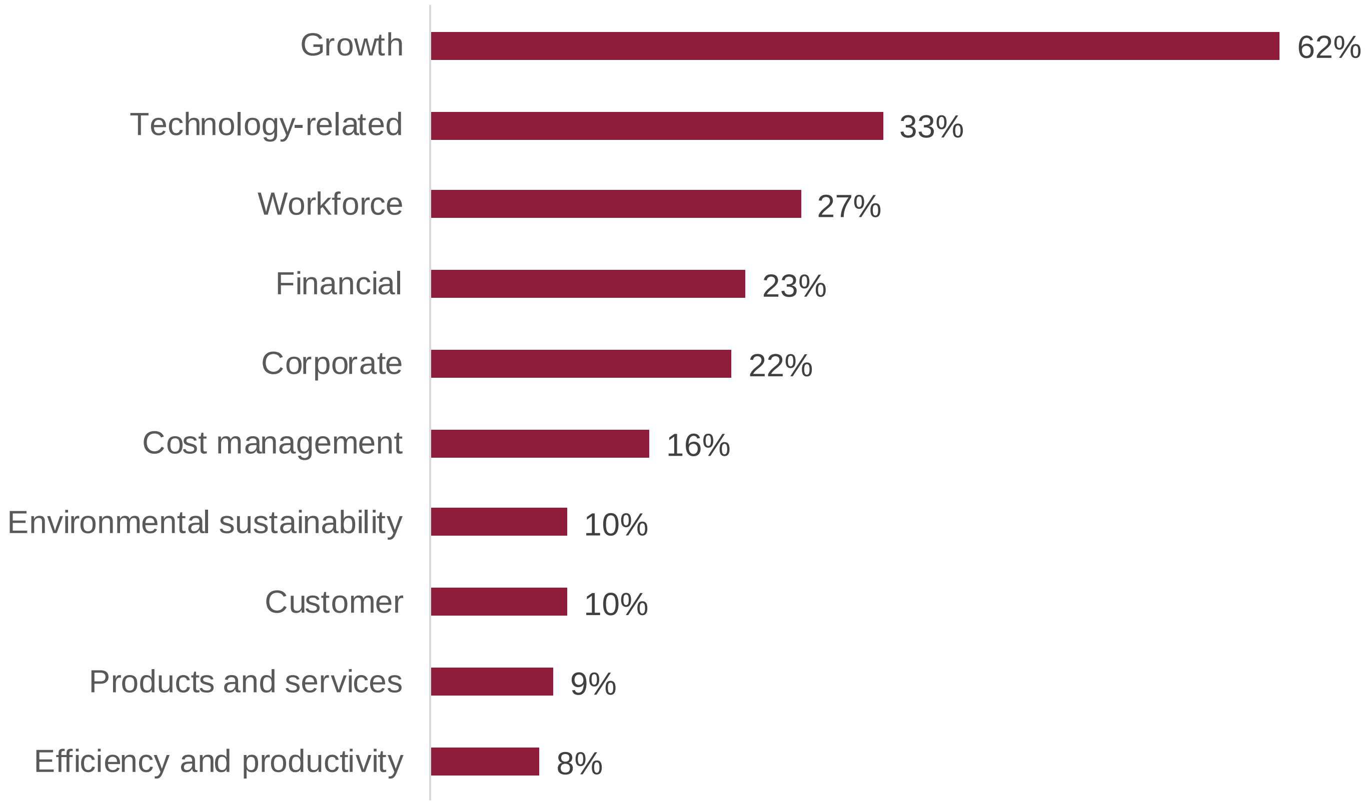

Figure adapted from Gartner's 2024 CEO and Senior Business Executive Survey

Additional Data Points:

- According to Gartner's 2024 CEO and Senior Business Executive Survey:
  - 54% of CEOs acknowledge that their businesses are affected by changing weather patterns, especially on operating dynamics (such as logistic changes and delivery timings and routes). 51% of CEOs acknowledge that the changing weather patterns are causing them to plan changes in the way they operate or have already done so.
  - 33% of CEOs are using sustainable products and services to drive business growth, whereas 18% of CEOs are using sustainable business practices, stakeholder engagement, and decarbonization to drive business growth.
- According to PwC's Pulse Survey in October 2024:
  - 62% of CEOs in the US are prioritizing stability instead of aiming for ambitious goals.
  - 64% of executives see climate change as a moderate to serious business risk.

Data Sources for Identifying CFO Priorities for the Business Case

CFO

CFO Strategic Priorities for 2025

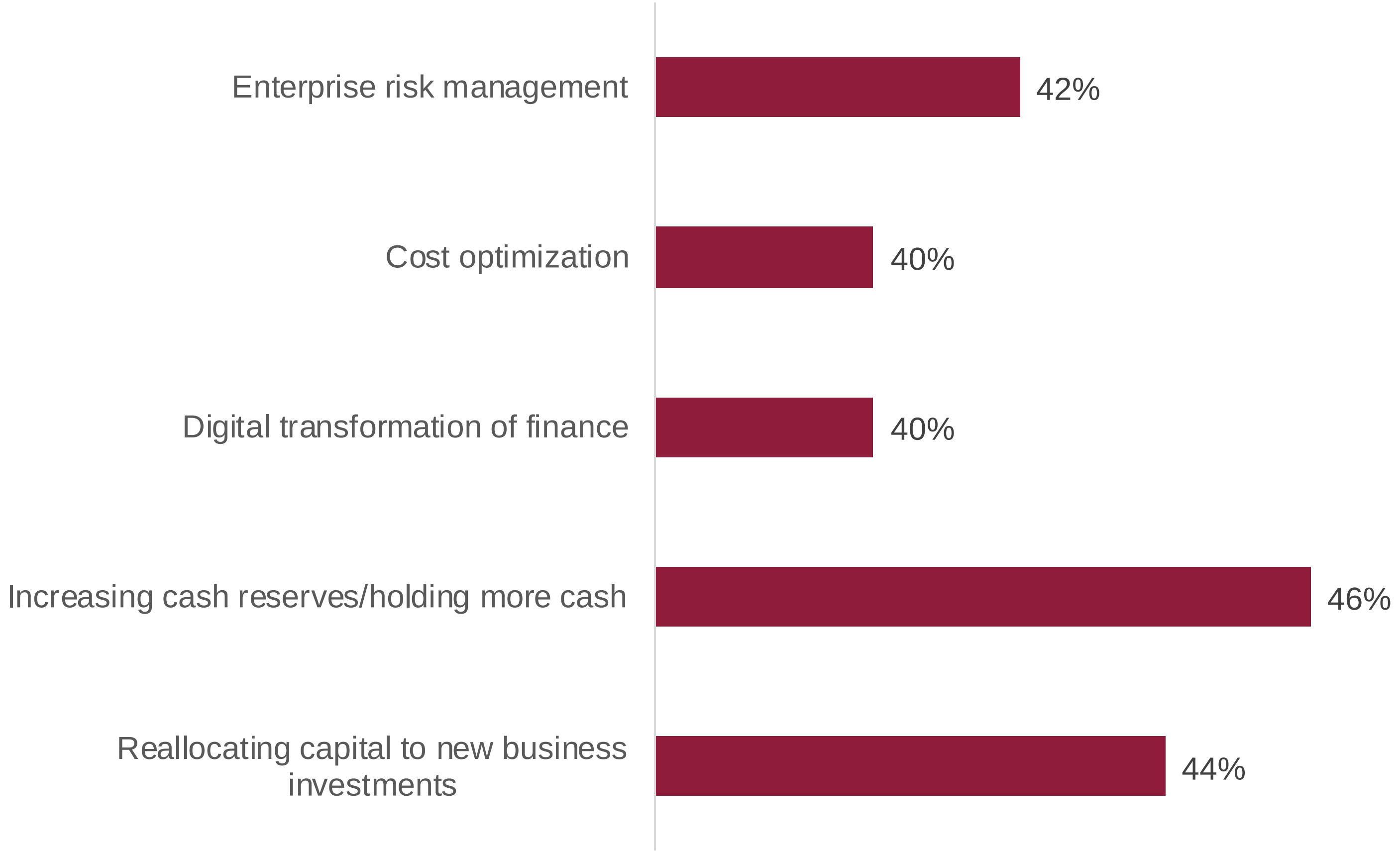

Figure adapted from Deloitte's Q4 2024 CFO Signals Survey

Additional Data Points:

- According to Deloitte's Q4 2024 CFO Signals survey:
  - 72% of CFOs in the US are expecting the economy to improve in a year.
  - The economy, geopolitics, and interest rates are the most notable concerns for CFOs.
  - 67% of CFOs in the US state that it is a good time to take greater risks.
- According to PwC's Pulse Survey in October 2024, 84% of CFOs in the US are delaying at least one investment decision due to the uncertain business environment in 2024. However, they are interested in reinventing and exploring new revenue streams and untapped markets. They are also focused on meeting reporting requirements regarding business impacts from ESG issues.

Data Sources for Identifying BoD Priorities for the Business Case

BoD

Board Priorities for 2025

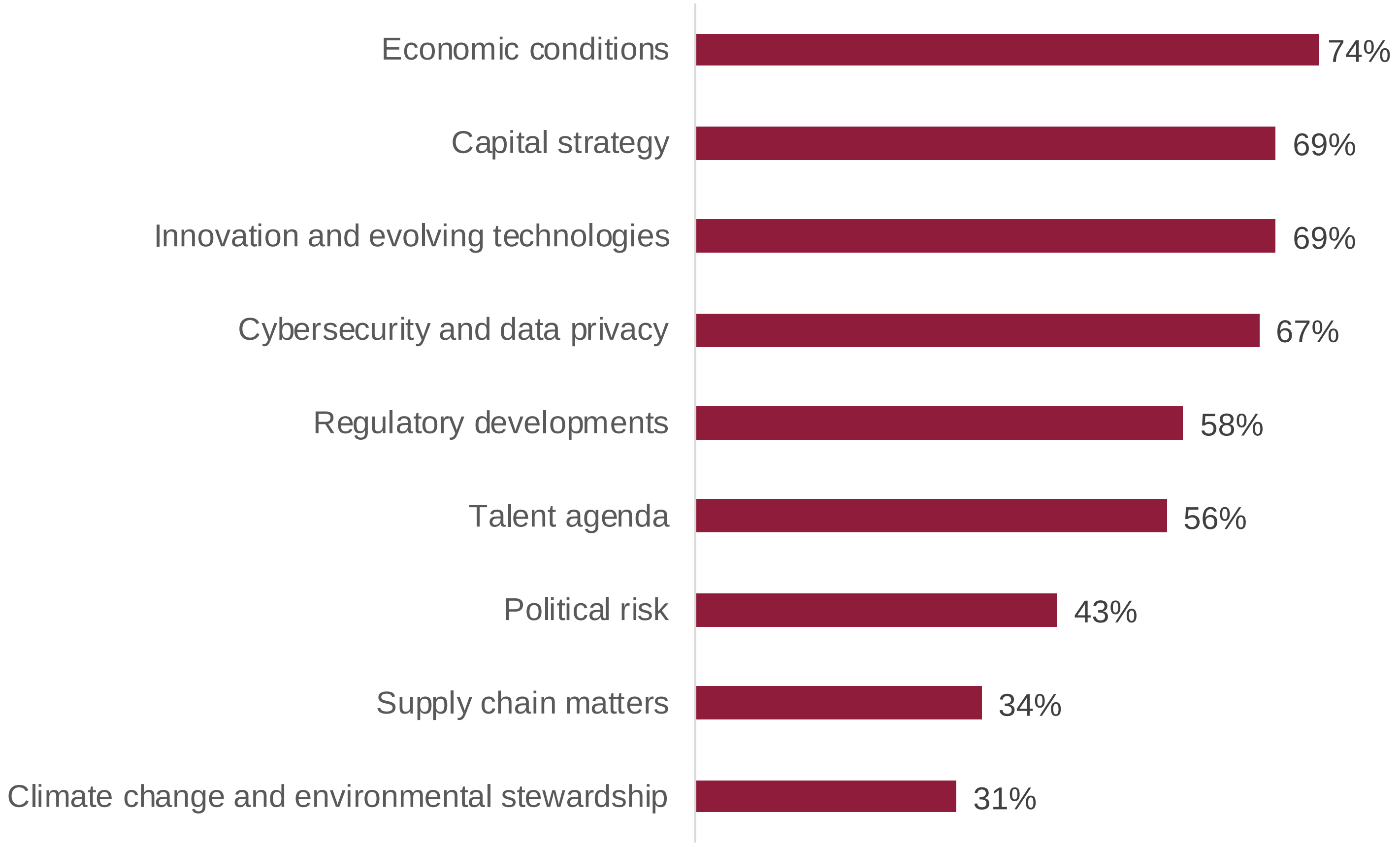

Figure adapted from an analysis from the EY Center for Board Matters

Additional Data Points:

- According to PwC's 2024 Annual Corporate Director Survey, only 15% of directors believe that their board should spend increased time on crisis management over the next 12 months. Despite the lack of a formal escalation plan in place, almost all respondents believe that their boards are capable of guiding their companies through a crisis.
- According to the PwC 2024 Stewardship Investor Survey, investors would like to have enhanced reporting regarding the operation and oversight of the board. 55% of investors are dissatisfied or very dissatisfied with how the management connects sustainability to the company's long-term growth strategy in reporting and other communications.
- According to an analysis from the EY Center for Board Matters, the top few topics that directors would like to spend more time and have more information about are:
    - Innovation and evolving technologies
    - Cybersecurity and data privacy
    - Talent agenda
    - Climate change and environmental stewardship

Key Questions for Boards on Resilient Businesses Within Planetary Boundaries (1/2)

BoD

External Environment on Business Resilience Within Planetary Boundaries

- What are the expectations of our key stakeholders (e.g., investors, shareholders, employees, value chain partners, customers, affected stakeholders) for the company to transform its business model to build resilience within planetary boundaries? Do they have a clear understanding of the risks of not doing so, and the opportunity that such transformation represents? Have we consulted them?
- Is it a regulatory requirement for companies to transform their business model to keep within planetary boundaries? How are key regulations approaching business model transformation?
- What are our customers' expectations and how can we satisfy them? Are they willing to pay a premium for a new product, solution, or service set? Will they react positively to a switch from product to service model, or a restructuring of our portfolio? What about the next generation of customers?
- Will our investors support our business transformation? How can we engage this dialogue with them?
- What are the management's plans to communicate on this topic? What are the risks of not communicating versus communicating? How can we communicate in a way that resonates with our business, customer and employee expectations?

Relevance of Business Resilience Within Planetary Boundaries to Current Governance, Strategy, and Processes

- How do our current sustainability and strategy initiatives tackle business model transformation? Is it a recognized lever in our climate or nature transition plan? Is sustainability a vehicle of competitiveness for the company?
- Does the company's enterprise risk management system or process address risks and opportunities regarding business resilience within planetary boundaries? How are those risks and opportunities being identified and addressed in our current enterprise risk management process, business strategy, and initiatives? How are those risks and opportunities linked to our material social and environmental risks, impacts, and dependencies (e.g., natural resource scarcity)? How reliant is the company on the value chain partners (upstream and downstream) and natural resources to achieve business resilience in the short to long term?
- How has the company been identifying risks and opportunities based on emerging trends and disruptions that might affect its business resilience? Is it comprehensive in covering the entire value chain, the nine planetary boundaries, and the different time horizons from short term (1-3 years) to long term? How can the company best incorporate these findings into the business strategy and regular activities to ensure business resilience in the long run? Has the company envisioned potential impacts of different scenarios (related to, for example, resource availability, GDP growth, and environmental impacts) on the business viability and growth?
- What is the risk of inaction? Is there a business opportunity for the company to transform its business model?

Key Questions for Boards on Resilient Businesses Within Planetary Boundaries (2/2)

BoD

Role of the Management Team on Business Resilience Within Planetary Boundaries

- Who in the management team should lead and be accountable on this topic? How should we designate clear ownership, resources, and accountabilities across the organization to explore business model transformation within planetary boundaries?
- Has the management team assessed and reviewed how the company practices compare with those of peers and leading companies in exploring business model transformation? Does the company have a first-mover opportunity to capture?
- How is the management team ensuring that the business strategy meets key customer, employee, and other stakeholders' expectations in the short to long term?
- How is the management team engaging with policymakers to build the enabling environment for business transformation?

Role of the Board on Business Resilience Within Planetary Boundaries

- Are there regular engagement sessions in place to ensure that the board is well-informed about risks and opportunities that might impact the company's resilience? Is the board aware of the risks of not acting on our business model, and the opportunity that such transformation represents? Does the board have the right skills, experience, knowledge, and training to address the issue of business model transformation within planetary boundaries?
- Does the current structure of our board risk management or sustainability oversight facilitate sufficient ownership and understanding of issues that might affect business resilience in the short to long run? Should any of the current committees be responsible for this at the board level (e.g., climate board) or should we establish a specialized committee?

Thank You

If you have suggestions on how we can improve this guide or if you would like to share your own challenges and successes in addressing the tension between growth and sustainability targets, please get in touch with Giulio Berruti.

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