

From Silo to System

Connecting sustainability to the core of business

July 2026

CST | COUNCIL ON
SUSTAINABILITY
TRANSFORMATION
CONVENED BY ERM



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Executive Summary

Today's business environment is reshaping how sustainability is reflected across other business priorities. Rather than operating as a standalone agenda, sustainability is increasingly emerging as a business performance catalyst embedded in core operations and judged by how well it supports strategy and execution, resilience, cost control, and business continuity.

This shift is unfolding in different ways globally, but with a common outcome: decisions on energy, water, operations, and capital are now also inherently sustainability decisions, whether labeled as such or not. As a result, sustainability creates the most value when it improves outcomes on the issues executives consider most critical.

Although many companies have already started integrating sustainability into core decisions, the pace and the strategic importance of this shift are intensifying.

Five drivers reshaping executive decision-making

This paper identifies five cross-cutting drivers shaping business decisions today and demonstrates how integrating sustainability into these areas strengthens performance and competitiveness:

- 1 Trade, policy, and geopolitical uncertainty**
Rising volatility is increasing pressure on companies to build flexibility into supply chains and investment decisions. Integrating sustainability into risk assessment improves the visibility of climate-, regulatory-, and resource-related exposures, enabling more resilient and adaptable business strategies.
- 2 Energy and water security and affordability**
Access to reliable, affordable energy and water is an increasingly critical constraint on growth. Sustainability-related actions can improve efficiency and lower operating costs through reduced resource intensity, while also supporting continued resource access by strengthening community relationships and social license to operate. Overall, this supports both resilience and growth.
- 3 AI acceleration**
AI is transforming operations and decision-making across sectors, creating new risks and significant opportunities. When companies use AI to bring sustainability-related data, such as resource use and emissions, into operational decision-making, it can improve risk forecasting, resource efficiency, and performance, while also enabling new market opportunities and more differentiated business models. This reinforces AI's role as a tool for improving performance and decision-making.

4 Value chain continuity and project viability

Increasing disruption has shifted focus from cost optimization to resilience and deliverability. Embedding sustainability into project design and stakeholder engagement helps identify and address environmental and social risks early, reduce delays, and increase the likelihood that projects are completed on time and on plan.

5 Access to capital

Investors are prioritizing projects that demonstrate predictable delivery and long-term value. Factoring sustainability into capital allocation not only improves investment decisions and reduces risk of underperformance, it also creates upside by strengthening access to financing by broadening the investor base and aligning with investor expectations.

From sustainability agenda to performance catalyst

The central message is clear: sustainability has the greatest impact when it is embedded in the decisions that shape business performance. Companies that integrate sustainability into core business processes are better positioned to manage risk, improve efficiency, and capture new sources of value.

Practical actions for companies

To realize this shift, companies should focus on five priorities:

- **Reposition sustainability within the business:** Treat sustainability as a cross-functional capability embedded in strategy, planning, and operations, not as a separate workstream.
- **Reframe sustainability in financial terms:** Translate sustainability risks and opportunities into quantified financial impacts on cost, productivity, resilience, and competitive advantage.
- **Prioritize resilience-critical investments:** Focus on initiatives that most clearly strengthen performance and enable efficiency gains, revenue opportunities, or differentiation.
- **Reassign accountability across the business:** Embed responsibility within core functions such as finance, operations, procurement, and technology to ensure sustainability is tied to execution.
- **Build capability to realize impact:** Help teams to apply sustainability insights in day-to-day decisions by equipping them with data, tools, and shared language.

Conclusion

The point of sustainability is not to add another layer of process, but to make it an integral part of how business learns, decides, and executes. Companies that keep sustainability separate from core decision-making will miss its value. Companies that embed it will absorb shocks better, improve performance, and turn sustainability into a lasting source of competitive advantage.

Introduction: Sustainability as a performance catalyst

Accelerating sustainability integration

Today's business environment is reshaping how sustainability is reflected across other business priorities including energy, operations, technology, capital allocation, sourcing, and investment. With companies making decisions faster and under greater scrutiny, sustainability is judged by how well it supports strategy and execution, resilience, cost control, and business continuity.

As corporate leaders prioritize actions that boost near-term performance and strengthen long-term resilience, sustainability is becoming more directly embedded in core business decision-making. A common realization is emerging: decisions on energy, water, operations, and capital are also inherently sustainability decisions, whether labeled as such or not. This is shifting sustainability from a siloed agenda to an operational performance catalyst. Companies that recognize this are better positioned to manage risk and capture opportunities.

Global challenge, regional variation

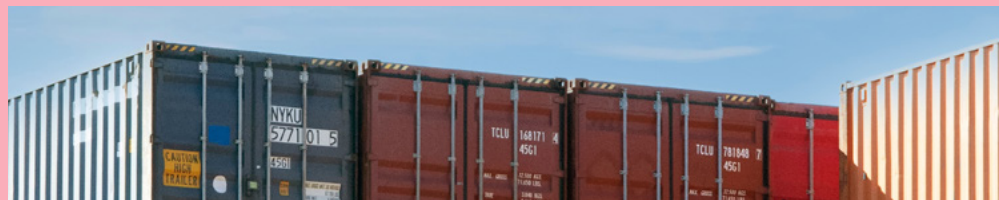
This change is playing out unevenly. In the United States, many companies are retreating from sustainability language and limiting new public commitments, while quietly continuing to invest in capabilities that address sustainability-related risk. In Europe, regulation and complex reporting requirements help sustainability remain more prominent, but companies are increasingly emphasizing actions that enhance competitiveness, resilience, and energy security whether mandatory or not.

Across Asia, Africa, and Latin America, companies are advancing sustainability and ESG practices as they seek to balance growth, resource constraints, and societal expectations. In multiple markets in these regions, the low-carbon transition is seen more as a source of competitive advantage and market opportunity than a compliance exercise.



This paper focuses on five drivers shaping business leaders' thinking now.

1. Trade, policy, and geopolitical uncertainty



2. Energy and water security and affordability



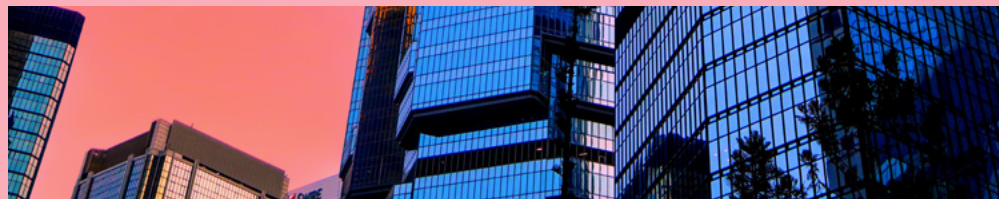
3. AI acceleration



4. Value chain continuity and project viability



5. Access to capital



For each, the paper shows how integrating sustainability into business decisions can improve resilience, sharpen competitiveness, and sustain financial value.

Linking sustainability to key drivers of executive decision-making

With executives prioritizing a smaller set of cross-cutting themes to manage multiple, often interconnected pressures, sustainability creates the most value when it improves decisions in those areas. The question is not whether sustainability should be prioritized, but how sustainability-related actions can create or accelerate better outcomes on the issues that business leaders care about most.



Driver 1

Trade, policy, and geopolitical uncertainty

Trade tensions, policy shifts, and geopolitical disruptions are making long-term planning harder. Companies are rethinking when to invest, where to source, and how much flexibility to build into long-lived assets. In this environment, integrated risk assessment matters because it helps leaders understand where climate, nature, and regulatory exposure add uncertainty as well as how these factors affect overall business costs and continuity.

How integration improves outcomes under this driver

When sustainability-related impacts are incorporated into enterprise risk and investment decisions, leaders can make more flexible choices and reduce the risk of locking capital into the wrong place. This improves optionality by enabling faster, more confident responses to changing conditions. It also strengthens communication with investors and other stakeholders by clarifying risk exposure.

Many multinationals with globally integrated value chains are responding by rewiring their supply chains. Instead of concentrating production in a single country or region, they are **diversifying** manufacturing and sourcing across a broader set of locations to reduce concentration risk and open new growth opportunities. For example, consumer-electronics companies have **expanded** manufacturing from China into India and Vietnam under “China plus one” strategies, while North American manufacturers are **adding** capacity in Mexico and other nearshore locations. These shifts are creating supply networks that are more resilient, flexible, and inclusive, while remaining cost competitive.

Unilever

Using ESG data to inform supply chain decision-making

With a highly complex global supply chain – including more than 50,000 suppliers across 150+ countries and deep dependencies on agricultural inputs – Unilever is particularly exposed to changes in tariffs, evolving sustainability standards like the International Sustainability Standards Board, regulations such as the EU’s Corporate Sustainability Due Diligence Directive, and climate-driven supply risks.

In response, Unilever has **embedded sustainability** into its enterprise risk and procurement processes. This includes systematically integrating climate, environmental, social, and geopolitical factors into supplier assessment, sourcing strategy, and risk modeling. The company applies structured risk assessment methods across its supply chain, including:

- Risk scoring of suppliers and materials, incorporating factors such as geopolitical exposure, climate risk, and supplier health.

- Multi-tier supply chain visibility, assessing risks not only at direct suppliers but across upstream inputs (for example, agriculture and feedstocks).

- Ongoing monitoring and composite risk scoring that enable identification of high-risk materials and regions, then trigger necessary mitigation actions.

These measures help Unilever quantify which exposures are most material. For example, Unilever has identified that approximately 63% of its greenhouse gas emissions originate from raw materials, ingredients, and packaging. As a result, it has **prioritized around 300 key suppliers**, representing approximately 44% of Scope

3 emissions, as targets for enhanced engagement and data collection.

Through supplier-level risk scoring, multi-tier supply chain mapping, and the integration of product carbon footprint data, sustainability metrics are incorporated into the same frameworks used for operational and financial decision-making. This allows Unilever to pinpoint which materials and suppliers drive the greatest exposure and to prioritize mitigation actions accordingly. By translating ESG risk visibility into targeted supplier engagement and sourcing decisions, the company reduces exposure to transition risks such as carbon regulation and input cost volatility while strengthening the resilience and continuity of its supply chain.





Driver 2

Energy and water security and affordability

High energy prices, along with constrained electricity and water resources, are limiting growth, especially for data centers and energy-intensive industrial sectors. Companies often prioritize access to reliable, affordable energy, regardless of the energy mix, with carbon intensity becoming a secondary consideration. At the same time, business leaders increasingly recognize water as critical given its role in core operations. Uncertainty over energy costs and availability, combined with rising competition for water and electricity, is forcing companies to treat access to these resources as a core operational issue.

How integration improves outcomes under this driver

Reducing environmental footprints can reduce exposure to volatility while supporting cost control and continuity. This includes improving energy and water efficiency, designing for lower resource intensity, diversifying energy supply, and selecting lower-impact locations and suppliers. These actions also strengthen the business case, as lower input typically translates to lower operating costs and improved productivity. They also create upside: efficiency programs can free up capacity for growth, lower unit costs, and support more productive use of assets. As competition for grid connections intensifies, companies that optimize demand, improve load management, and deploy smarter production planning can expand more quickly and at lower cost, strengthening both energy security and margins.

Where operations depend on scarce resources, early attention to local conditions is essential to reduce delays and limit community pushback. For companies building resource-intensive assets, this can determine whether expansion is feasible. For example, delay rates for large data centers have been **worsening**: 26% of projects expected to come online in 2025 were delayed, and between 30% and 50% of those scheduled for 2026 are now expected to fall behind schedule due to power constraints, equipment shortages, and local opposition. For long-lived, resource-intensive assets, such as steel and cement production facilities, sustainability-related design choices can improve resilience over time.

Google | Redesigning a proposed data center in Chile to address water-use risks

Google is redesigning a proposed \$200 million data center in Santiago, Chile, to reduce the water intensity of its cooling systems and address stakeholder concerns about building it in a drought-affected region. The original design relied on water-intensive cooling, prompting opposition from local communities and scrutiny from regulators over potential impacts on the city's primary aquifer.

In 2024, a Chilean environmental court required a reassessment of the project's water impacts, leading Google to pause development and revisit its approach. Rather than proceeding with the original design, the company committed to reconfiguring the facility to incorporate less water-intensive cooling technologies.

While the redesign is expected to introduce additional costs and delay the project timeline, it has enabled Google to maintain project viability while addressing critical environmental risks. This case demonstrates how early identification and integration of sustainability considerations, particularly regarding resource use in water-stressed regions, can help avoid costly redesigns and strengthen long-term project resilience.





Driver 3

AI acceleration

AI is changing how companies operate, compete, and use resources. It can improve products and services, support better forecasting and automation, and help companies make more informed decisions. At the same time, AI can create new environmental, operational, and social risks. The opportunity is not just to use AI more, but to apply it in ways that improve performance, strengthen resilience, and create new sources of value without causing more harm than good.

How integration improves outcomes under this driver

Operational data and sustainability-related information already overlap in some areas, but they are not always used together in day-to-day decision-making. When companies feed climate, water, emissions, and other sustainability-related data into planning for production, maintenance, logistics, and sites, they create a stronger foundation for AI-enabled advanced analytics and better decision-making. This also accelerates production, reduces downtime, and opens new service offerings.

The use of this data can improve risk forecasting, optimize resource efficiency, reduce reporting costs, identify new market opportunities, and support more differentiated business models. This makes AI more than a reporting or compliance tool, allowing it to support energy efficiency, resource optimization, and smarter grid and production use in sectors from manufacturing to data centers, while helping manage energy, water, safety, and infrastructure demands.

For example, manufacturers are using AI to improve forecasting, optimize production, and identify product and pricing opportunities that better match customer demand, turning operational data into both efficiency gains and revenue opportunities.

John Deere

Leveraging AI-powered
See & Spray technology
to reduce herbicide use

Conventional weed control methods in agriculture rely on broadcast spraying, in which herbicide is applied uniformly across an entire field, covering bare soil and healthy crops alongside the weeds it is intended to target. This results in unnecessary chemical consumption, higher input costs, and a greater volume of herbicide entering surrounding soil and watercourses through run-off.

To address this, John Deere developed the See & Spray system. Rather than applying herbicide uniformly, an array of cameras mounted along the spray boom – the horizontal arm that spans the crop rows and carries the spraying nozzles – captures continuous imagery of the ground as the machine moves. The data is fed into AI models trained through computer vision to distinguish weeds from crops. The model processes this imagery in real time and activates only the individual nozzles required to treat each weed as the sprayer passes.

During the 2024 U.S. growing season, the system was deployed across more than one million acres and achieved an average reduction in herbicide use of 59%, equivalent to an estimated 8 million gallons of chemical avoided, according to John Deere. While the company has not yet published official data on the resulting cost savings, a study by Iowa State University estimated that precision spraying technologies, including See & Spray, reduced costs by an average of \$15.70 per acre.

Each pass also generates a digital map of weed distribution, providing data to inform subsequent weed management decisions. The result is a simultaneous reduction in input costs and environmental impact, delivering both efficiency gains and measurable environmental benefits.





Driver 4

Value chain continuity and project viability

Market volatility – including geopolitical disruptions, extreme weather, tariffs, and social opposition – has exposed profound vulnerabilities across value chains. Companies are shifting their focus from lowest-cost optimization to continuity, resilience, and insurability, ensuring that projects are delivered on time and according to plan.

How integration improves outcomes under this driver

By anticipating resource competition, extreme weather risks, and operational impacts on ecosystems, and by factoring these issues into project design while proactively engaging with regulators and affected communities, companies can identify and address potentially significant risks earlier in planning and development processes. This approach helps avoid costly project changes, reduce delays, and mitigate community opposition.

Recent ERM research found that 64% of critical minerals projects experienced pre-production delays, underscoring the importance of identifying key risks early, collecting timely critical-path data, engaging stakeholders transparently, co-designing mine plans for long-term resilience, and leveraging AI and technology to streamline approvals. Permitting issues, stakeholder opposition, and environmental concerns were among the leading causes of delay, reinforcing the need to integrate sustainability considerations into project planning from the outset.

DPM Metals

Krumovgrad Mine
redevelopment to manage
stakeholder opposition

Dundee Precious Metals' (DPM Metals) Krumovgrad gold project faced major social and regulatory opposition due to its location within a protected area and proximity to local communities. As Bulgaria's first new greenfield mine in over 40 years, the project was subject to heightened scrutiny from governments, NGOs, and the public. The initial design, which relied on cyanide leaching, triggered strong opposition, resulting in low local support and a loss of social license that stalled the project for several years.

In response, the company fundamentally redesigned the project, replacing cyanide leaching with flotation technology, and embedding stakeholder engagement, environmental protection, and community investment into project development. This shift enabled the project to secure final construction permits in 2016 and reach first production by 2019, an exceptional pace for this kind of development. The mine has been described as a 'model for sustainable mining in protected areas' and has established a durable social license to operate by supporting local job creation, new businesses, and long-term community partnerships that have strengthened operational stability and reduced future disruption risk.





Driver 5

Access to capital

In periods of uncertainty, capital flows to projects that demonstrate clearer near-term value, predictable delivery, and lower execution risk, and increasingly to those that can show how sustainability underpins performance. This creates upside for companies that use sustainability to improve project quality: they can tap into a broader set of investors, secure more favorable financing terms, and sustain access to capital over longer horizons. Additionally, long-term investors such as pension funds often favor steady returns and greater resilience over decades, creating a further advantage for companies that can demonstrate how sustainability supports more consistent performance over time.

How integration improves outcomes under this driver

Embedding climate, nature, energy, supply chain, and social risk factors into core business planning reduces blind spots in investment decisions and lowers the risk of underperformance. It also helps companies prioritize higher-quality projects that are more attractive to lenders and long-term investors. These projects typically exhibit steadier cash flows, lower volatility, and a stronger license to operate, which in turn support better credit terms, higher equity valuations, and a broader pool of potential backers, leaving businesses better positioned to meet investor expectations for stable returns and long-term value creation.

Sustainability is already part of the capital allocation process for many firms. Morgan Stanley's 2026 Sustainable Signals survey found that 63% of companies say decisions such as CapEx and R&D budgeting, new product approvals, or M&A are now subject to sustainability criteria, up from 51% in 2025. This suggests sustainability is increasingly embedded in the capital allocation process itself, not a separate consideration.

Making sustainability part of the investment process also broadens access to capital by appealing to investors who actively reward strong sustainability performance, from banks offering sustainability-linked loans to institutional investors and private equity funds with explicit sustainability funds and/or mandates. This can improve a project's commercial attractiveness, strengthen stakeholder alignment, and reduce the risk of stranded assets.

European Union

Building sustainability
into mine design through
CRMA Strategic Projects

Many mining and processing projects across Europe historically have struggled to progress due to lengthy permitting timelines, regulatory complexity, and/or local opposition, each of which creates significant uncertainty for investors. At the same time, rising capital costs and tighter investor scrutiny have increased the focus on project bankability, with capital increasingly directed toward projects that can demonstrate clear pathways to approval and delivery.

Within the broader effort to secure the EU's critical minerals supply under the Critical Raw Materials Act (CRMA), the EU has introduced the **Strategic Projects** designation. This allows the EU to increase mineral security by fast-tracking specific extraction, processing, recycling, and substitution projects. To qualify, the project must meet certain criteria related to production volumes, technical feasibility, and defined environmental, social, and governance standards. In return, Strategic Projects benefit from integrated support mechanisms including accelerated permitting processes, coordinated regulatory engagement, and improved access to financing from public institutions and private investors.

The framework directly ties capital access to sustainability performance. Projects that meet required environmental, social, and governance standards are effectively de-risked in the eyes of investors, with clearer timelines, stronger government backing, and higher confidence in delivery. As a result, they are significantly better positioned to secure both public and private capital. More broadly, the initiative supports the development of projects that are not only technically viable, but also capable of securing social and regulatory support, enabling more efficient capital deployment, and strengthening the resilience of Europe's critical minerals supply chain.



Recommendations and conclusion

This paper argues that sustainability has the greatest catalytic effect when embedded in decisions that shape performance. In a business environment marked by volatility, resource constraints, and high investor expectations, the companies that will perform best are those that treat sustainability as part of operational and strategic decision-making, not as a separate agenda. To do this, companies should focus on five actions:

- 1. Reposition sustainability within the business**
Companies should treat sustainability as a set of cross-functional actions that support the core drivers shaping executive decision-making today. The goal is not to create a separate workstream, but to make sustainability part of how the business plans, invests, and operates. Positioned as part of an integrated business process, sustainability becomes more closely tied to business outcomes, making it both more practical and more durable.
- 2. Reframe sustainability in financial terms**
Sustainability-related risks, opportunities, and trade-offs should be translated into the language of cost, productivity, resilience, and competitive advantage. Private sector leaders and investors need clear, finance-grade business cases that show how sustainability affects margins, execution, and long-term value. This makes it easier to prioritize the actions that matter most and to justify them in the same terms used for other strategic investments.
- 3. Prioritize resilience-critical investments**
Companies should focus on areas where climate, nature, and social considerations protect or improve meaningful commercial outcomes. They should also identify where and how these considerations enable new opportunities, revenue streams, or differentiation. Rather than pursuing every possible sustainability initiative, companies should prioritize those that most clearly strengthen performance, resilience, and long-term value.

- 4. Reassign accountability across the business**
Responsibility for resource constraints, risk, and trade-offs should sit within core functions such as finance, operations, procurement, and technology, supported by central expertise but owned by the people making the decisions. Building appropriate line accountability reduces the risk that sustainability becomes detached from execution. It also helps embed sustainability thinking in day-to-day decision-making, where most of its value is ultimately realized.
- 5. Build capability to realize impact**
To make the shift durable, companies must build their teams' capability and confidence to apply sustainability thinking to practical business decisions. Training, shared language, and the routine use of sustainability data help employees identify risks earlier, weigh trade-offs more effectively, and act faster. When embedded in this way, sustainability accelerates better decisions and becomes a catalyst for stronger business performance.

The objective is not to add another layer of bureaucracy, but to integrate sustainability into how the business learns, decides, and executes. Companies that keep sustainability separate from core decision-making will miss its value. Those that embed it will be better positioned to absorb shocks, improve performance, and turn sustainability into a sustained source of competitive advantage.

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