Position Green

Sustainability ROI

Turning ESG from obligation into business value

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Position Green

One-stop-shop for ESG

Software and advisory for confident, scalable ESG management

200+

Sustainability and software specialists

1000+

Customers across Europe, US and Asia

11

Years underway, founded in the Nordics

9

Berlin, Brussels, London, Scandinavia

ESG Software

A platform to automate and scale ESG work

- Carbon Management
- Sustainability Reporting
- Supplier Assessment
- Plan & Strategize
- Academy
- Investment Monitoring

ESG Advisory

Hands-on strategic support from sustainability advisors

- Climate and Nature
- Reporting and Communication
- Supply Chain and Human Rights
- Strategy and Implementation
- Sustainable Investment

ESG is back on the agenda...

ESG is **no longer only a reporting topic**. It is becoming **an investment decision.**

Most sustainability ROI cases are combinations of revenue, cost, risk, talent and capital effects.

... but the question has changed

From "What do we need to report?"

To "What value can this create, protect, or unlock?"

Budget scrutiny

ESG teams need clearer language for prioritization, funding and executive sponsorship

Customer pressure

Tenders, renewals and buyer requirements increasingly ask for credible data, targets and progress

Regulatory uncertainty

When rules shift, the investment case needs to stand on commercial value, not compliance alone

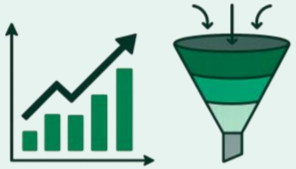
The five ESG value levers

Practical test: If a sustainability initiative cannot be connected to one of these levers, it is probably not yet decision-ready

Access to capital

- Sustainability-linked instruments
- Lower cost of capital
- Investor confidence
- Valuation effects

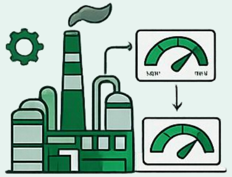
Stronger ESG performance will help us attract better or cheaper capital



Increase revenues

- Access to tenders
- Customer demands/ expectations
- Competitive differentiation

Transitioning towards low-carbon products and better ESG data will enhance win-rate of tenders



Reduce costs

- Operational efficiency
- Resource efficiency
- Process automation
- Streamlined compliance

As the energy grid transforms, we can beat competitors on product cost by being ahead

Mitigate risks

- Operational resilience
- Future regulation
- Reputational risks

Climate change ill increase our risk → must be priced to make CAPEX decisions

Access talent

- Employer branding
- Talent acquisition, engagement, retention

Sustainability linked purpose and strategy will reduce our employee turnover

+0.5% EBITDA Multiple
=
ESG investment is paid back

+2% win-rate for key segment
=
ESG investment is paid back

1% relative cost reduction
=
ESG investment is paid back

-10% insurance premium
=
ESG investment is paid back

-12% employee turnover
=
ESG investment is paid back

Example: Mitigate risks

- Operational resilience
- Future regulation
- Reputational risks

Key market trends

Supply chain disruption

- Loss of critical suppliers due to supply chain disruption **represents a significant risk**, as it limits access to key materials, increases procurement costs and restricts the company's ability to meet production targets

Implementation of AI and pre-screening

- Companies are increasingly using AI to perform **initial screening of applicants in tender processes**. These AI screenings exclude applicants that do not meet the defined requirements or lack formalized material of interest, e.g., ESG policies, targets and actions
- This may lead to a **preliminary rejection** from the tender

Reactive approach to market developments

- Many companies **only react to ESG pressure** when external requirements, e.g., regulation, customer expectations or investors, **force them to act**
- A reactive approach often leads to **fragmented, short-term initiatives** that miss the opportunity to create long-term value through proactive, strategic ESG initiatives

Not all ROI is the same

Choose the method based on the decision you need to make

ROI

Return on investment

Best for a single initiative with clear cost and benefit.

IROI

Integrated return on investment

Adds ESG, risk and strategic value drivers.

NPV

Net present value

Best when timing of cash flows matters.

DCF & EV

Discounted cashflow and enterprise value

Best when sustainability changes capital costs, growth or valuation.

The finance method should not be the discussion driver. The point is to make the value logic explicit enough for leaders to decide.

Example: when ESG changes the numbers

Illustrative case: regenerative agriculture investment

Background

A global food company invests in soil restoration, crop rotation, lower fertilizer/pesticide use and farmer engagement.

Investment

CapEx + programme cost approx. $100m

Value levers

+3%
revenue uplift from green branding

-7%
supply cost over five years from soil/input savings

+30 bps
WACC reduction from ESG financing

Business case

ROI	IROI
225%	270%

Enterprise value uplift

+22.36%

Takeaway: Integrated ROI makes strategic sustainability value visible without pretending every benefit is already certain.

A decision-ready case does not need to be perfect.

It needs to show what must be true.

How to build a good business case for ESG

1. **Model the scenario**
   Define initiative, baseline, investment and timeframe
2. **Test drivers**
   Stress-test costs, savings, revenue, capital and risk drivers
3. **Quantify impact**
   Show financial and sustainability impact together
4. **Validate assumptions**
   Separate known data from assumptions to validate
5. **Decide next step**
   Export a summary leaders can use in budget and roadmap discussions

Use the ROI calculator/advisory flow to turn this into a 3-5-day targeted assessment

Turn initiatives into ROI levers

Use the value lens on concrete initiatives so the discussion moves from activity to business outcome

Renewable electricity / on-site solar

Lower electricity cost, less exposure to volatility and reduced Scope 2 emissions

Energy-efficiency improvements

Lower operating cost, reduced energy use and improved plant efficiency

Water efficiency and wastewater reduction

Lower utility cost and compliance risk in washing, cooling and painting processes

Recycled and sustainable materials

Customer demand, future regulatory readiness and stronger product proposition

Supplier sustainability upgrades

Lower supply-chain risk, stronger compliance, better customer fit, Scope 3 management

Health and safety improvements

Fewer incidents, less disruption and stronger operational resilience

Example sector lens: manufacturing / automotive supplier. The same logic works across sectors: start from the initiative, then map cost, revenue, risk, capital and carbon effects.

The boardroom test

Four questions to make sustainability investable

Value Lever

What value lever are we targeting?

Beliefs

What must be true for value to be delivered?

Inaction

What is the cost of inaction?

Decision

What decision do we need now?

ROI calculator tool

Leverage the free Position Green ROI calculator to

- Model real business scenarios
- Test cost and savings drivers
- Quantify financial and carbon impact
- Export a decision-ready summary

Find it on:

www.positiongreen.com/drive-business-value/roi-calculator