

The Sustainable Value Creation Framework by CSR Europe

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Abstract

The European Business Network for Corporate Sustainability & Responsibility is a platform connecting +10.000 enterprises. The mission of the network is to enable people in companies to lead the transition to sustainable business through peer networks, collaborative platforms, and stakeholder engagement across Europe and beyond.

Back in 2024 CSR Europe established the European CSO Network. This platform advocates for a more supportive and proactive EU policy framework, aiming to facilitate a smoother transition to sustainable practices while promoting long-term business growth. Reflecting on the past five years, characterised by the EU's predominantly top-down approach to sustainability regulations, often lacking adequate support or incentives for businesses to achieve compliance, the network released its first discussion paper, Better regulation for stronger implementation.

Based on this positive start and anchored in the five overarching principles outlined in the Better Regulation paper - Simplify, Align, Engage, Incentivise, and Enable - the CSO Network is now placing particular emphasis on the Incentivise principle.

Our ambition is clear, invest in a Sustainable and Competitive Europe which requires deep transformation both at a firm level and at a policy level.

Only through shared responsibility, sustainability will become a driver for value creation and long-term competitiveness.

Strengthening industrial capacity in clean technologies and making business easier in Europe, while rewarding and incentivising companies, have emerged as top priorities under the von der Leyen Commission. Building on this evolving approach of the European Union, CSR Europe recognises the need to further integrating business into sustainability efforts. In this context, CSR Europe has developed the Sustainable Value Creation Framework, which highlights the key role companies play in positioning sustainability as a driver for value creation and competitiveness.

The Sustainable Value Creation Framework identifies five key areas where companies should strengthen the integration of sustainability. These five areas -governance, strategy, human capital, product innovation, and external ecosystems- are critical to unlocking specific value drivers, including:

Cost and Resource Optimization

Risk Reduction and Compliance Resilience

Business Growth, Market Differentiation, and Innovation

Capital Access and Investor Confidence

Brand and Reputation Strength

Moreover, to ensure that these Value Creation Drivers are effectively unlocked, companies must communicate their sustainability efforts clearly and consistently, both internally and externally. This requires ensuring that sustainability transformation is well understood, fully embedded within the



organisation, and communicated transparently to external stakeholders. More precisely when it comes to:

Governance: strong governance is essential for embedding sustainability across boards, finance, HR, operations and core business functions. Sustainability is no longer a separate function; it is a financial and strategic value drive, directly linked to competitiveness, risk reduction, and long-term. In this regard, sustainability Leaders must be positioned close to the Executive team: to make sustainability and business agendas converge.

ESG Strategy: sustainability must be integrated into short- and medium-term business plans, with KPIs that link ESG performance to financial outcomes. A key tool is the Double Materiality Assessment to identify financial risk and opportunities, and turn reporting into a strategic input.

Human Capital: employees must be seen as assets, not costs. This means investing in sustainability skills across the entire organisation, as well as in workforce well-being to attract and retain talents, and building engagement programmes that give people a genuine stake in the company's sustainability trajectory.

Product Innovation: sustainable and innovative product design, aligning with ROI, circularity, and energy efficiency, both cut costs and opens new business models such as reuse and remanufacturing. Developing engaging commercial narratives around product sustainability, ensures that value is visible to customers and markets directly supporting growth, differentiation, and brand strength.

External ecosystem: no company can deliver meaningful sustainability impact in isolation. Monitoring and engaging with external ecosystems, markets, policy frameworks, suppliers, and partners, allows companies to plan resources effectively and shape realistic and impactful ESG initiatives. This reinforces compliance resilience, unlocking new growth opportunities, and building the kind of stakeholder trust that sustains reputation over time.

Greater cross-fertilisation of actions across these five areas, together with collaboration with key stakeholders, will enable companies to accelerate sustainable transformation, reinforce competitiveness and drive innovation.

Next Steps:

Further approaches to positioning sustainability as a driver of value creation and competitiveness will be explored during the European Sustainable Industry Summit 2026, taking place on 13–14 October in Brussels, Belgium.

Keywords: Sustainability; Value creation; Competitiveness; CSR, European CSO Network