

# The sustainability surge: Structure is the new strategy



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# Intent isn't enough. It's time for enterprises to approach sustainability in portfolios, not projects.

Industrial companies face growing pressure to accelerate sustainability innovation — but many leaders still struggle to operationalize their ambitions. To understand what is driving progress and what is holding it back, UL Solutions surveyed executives from around the world to understand where innovations are taking place — and where progress still needs to be made.

This report captures the perspectives of chief sustainability

officers (CSOs), environmental, social and governance (ESG) leaders, investor relations teams, and operational executives on the strategies, structures and tools needed to scale sustainability across their enterprises. The findings reveal a critical point: success will require a shift from isolated initiatives to portfolio-level execution — grounded in data, aligned with business outcomes and supported by cross-functional leadership.



Over

85%

of executives preparing  
to increase their spending  
— but only one in four  
reporting high impact from  
current efforts.

## Transforming sustainability investment into enterprise impact

Sustainability innovation is no longer a siloed ambition. For global industrial leaders, it has become an essential lever for growth, resilience and relevance in a rapidly changing marketplace. This report, which is grounded in proprietary research with C-suite executives and senior leaders across the industrial manufacturing sector, explores a critical inflection point: the transition from disconnected initiatives to a cohesive, enterprise-level portfolio approach to sustainability innovation.

Our findings reveal a surge of investment, with over 85% of executives preparing to increase their spending — but only one in four reporting very high impact from current efforts on revenue growth.

The disconnect is clear: ambition is abundant, but structure is lacking. Today, innovation is often fragmented across functions, driven more by compliance than growth, and challenged by a lack of shared metrics and strategic alignment.

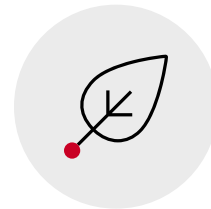
The imperative is clear. Executives must reimagine sustainability innovation not as an isolated function, but as a disciplined, data-driven enterprise system — designed for impact, aligned with strategy, and supported by the same measurement tools and frameworks used in successful capital investment portfolios.



Across the 10 sections of this report, we examine:



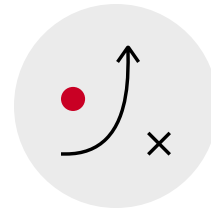
Where companies  
are overconfident  
— and where they  
are truly ahead



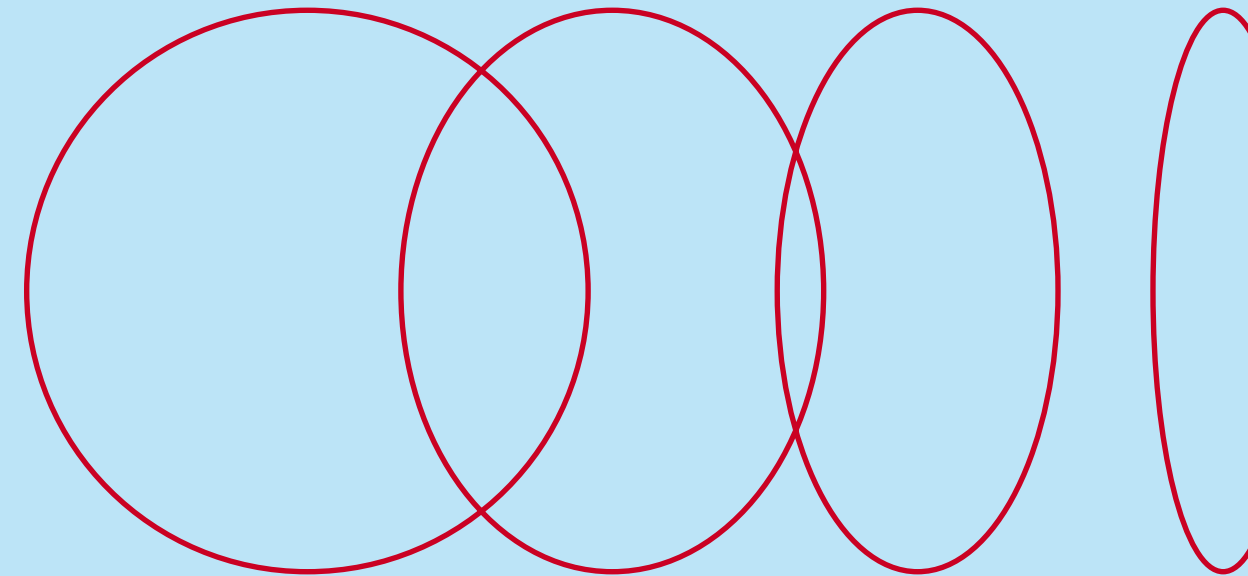
Which sustainability  
outcomes and  
business results  
leaders prioritize



How executives  
perceive barriers to  
progress and portfolio  
management



Which strategies  
they believe will  
accelerate innovation  
with purpose



## What emerges is a powerful consensus

Transformation requires:

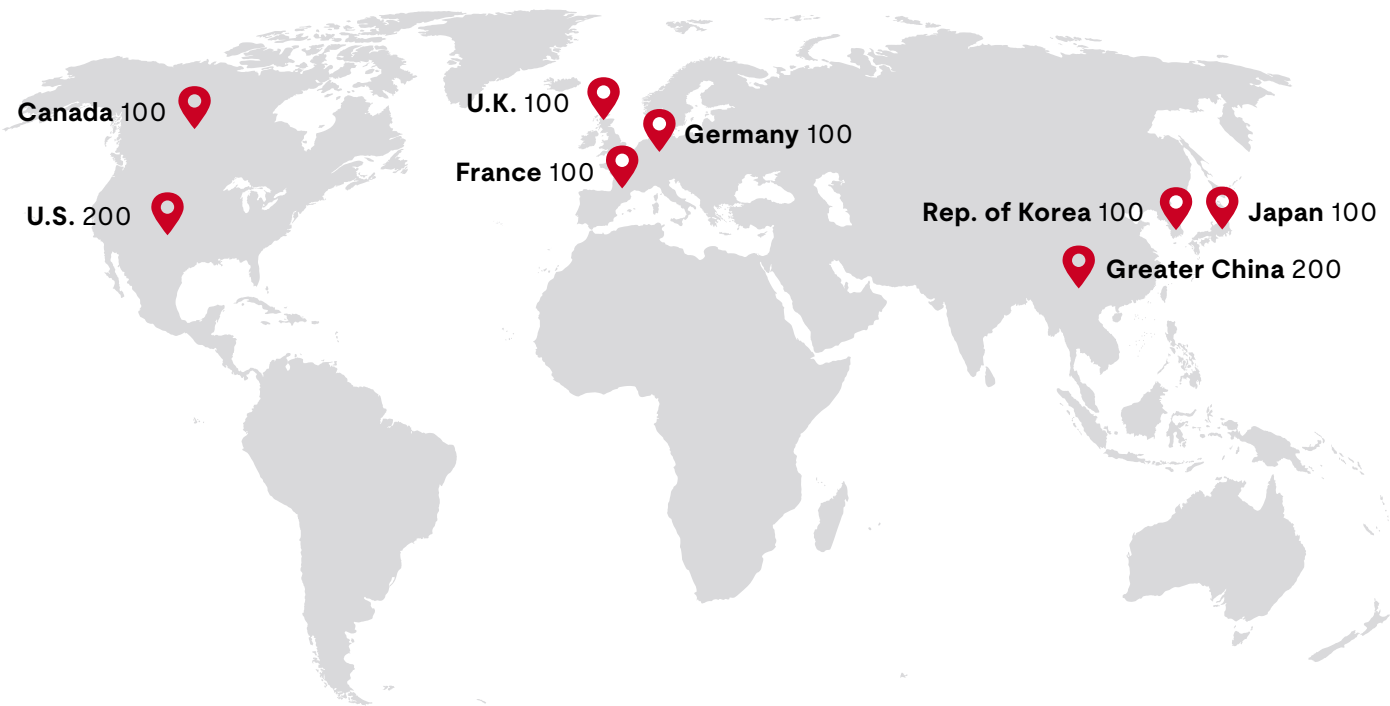
**| Structure | Scientific decision-making | Executive-level engagement**

Sustainability innovation must be elevated from scattered ambition to scalable advantage.

Companies that embed sustainability as a business growth engine — measured, governed and operationalized — will define the next industrial era. This report offers a road map for that transformation.

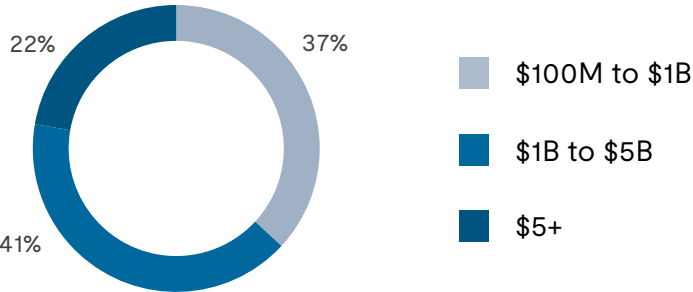
# Our methodology:

In April of 2025, we conducted a global survey of 1,000 industrial manufacturing executives with responsibility for sustainability innovation decisions.

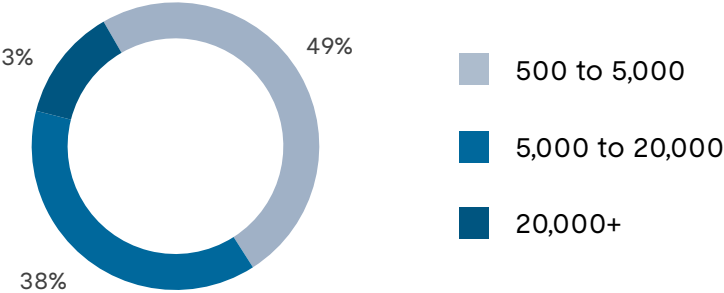


Respondents are responsible for sustainability strategy and/or execution, and involved in sustainability service and solutions buying decisions.

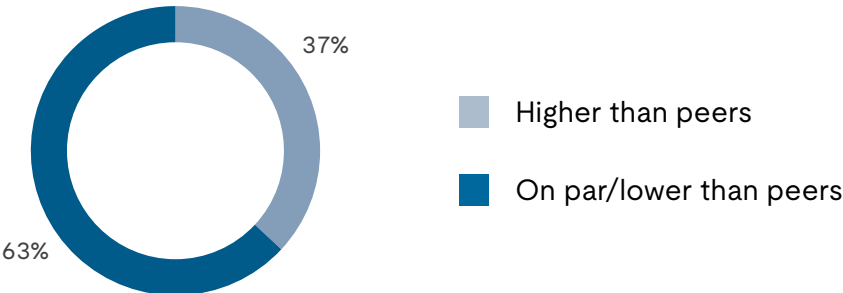
Company revenue 2024 (% respondents)



Company number of employees 2024 (% respondents)



Estimated company annual growth 2022-24 (% respondents)



# Sustainability strategy is stuck in silos, and it’s holding leaders back

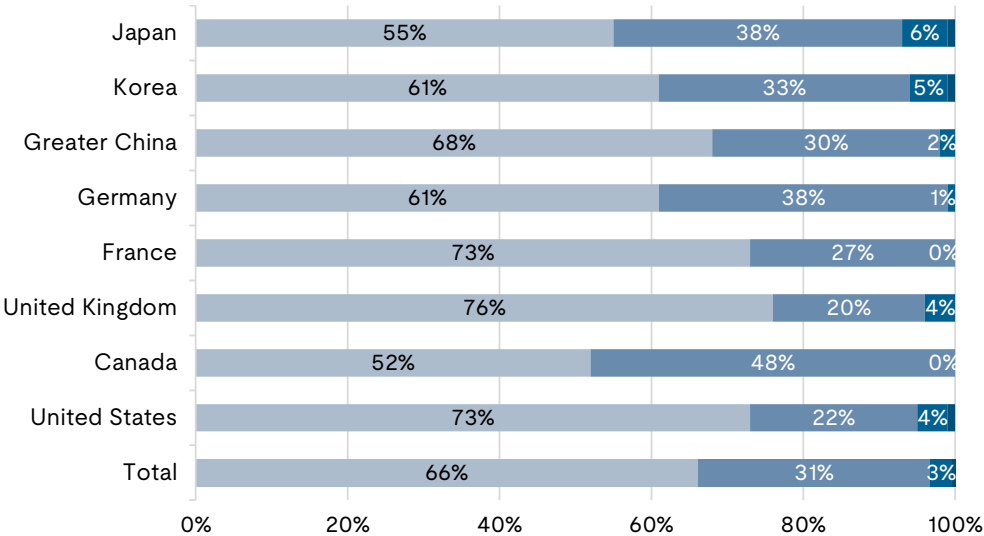
Despite widespread discussion of environmental, social and governance (ESG) integration, many industrial leaders still treat sustainability as peripheral to core business strategy. Our research finds that two-thirds of executives say sustainability is a core part of their company’s corporate strategy, while over one in three admits that it remains largely tactical or not fully integrated in their corporate strategy.

Interestingly, companies that view sustainability as core to strategy were far more likely to report

measurable business outcomes such as bottom-line revenue growth from sustainability innovation. This suggests a reinforcing loop: integration drives investment, which drives impact, which validates further integration.

The data also points to a maturity gap across regions and roles. The United States, France and the United Kingdom reported the highest rates of strategic adoption, while leaders in Canada, Germany and Korea had the lowest.

Views on sustainability relative to enterprise strategy (% responses)



- Sustainability is a core part of our corporate strategy and decision-making.
- Sustainability is considered only in specific areas (e.g., product design, compliance).
- Sustainability is a growing focus, but not yet fully integrated into our strategy.
- Sustainability is not a major focus for our company.



This represents the first leadership inflection point: for sustainability innovation to create enterprise-level value, it must first be embraced as an enterprise-level strategy.



## From budgets to benchmarks: Are leaders flying blind on investment impact?

Industrial executives are bullish on their sustainability innovation spending, but many may be benchmarking in a vacuum. According to the research, over 80% of leaders believe they've invested more than their peers over the past two years. That confidence holds steady across most roles and regions, with particularly strong conviction among chief sustainability officers (CSOs) and innovation executives.



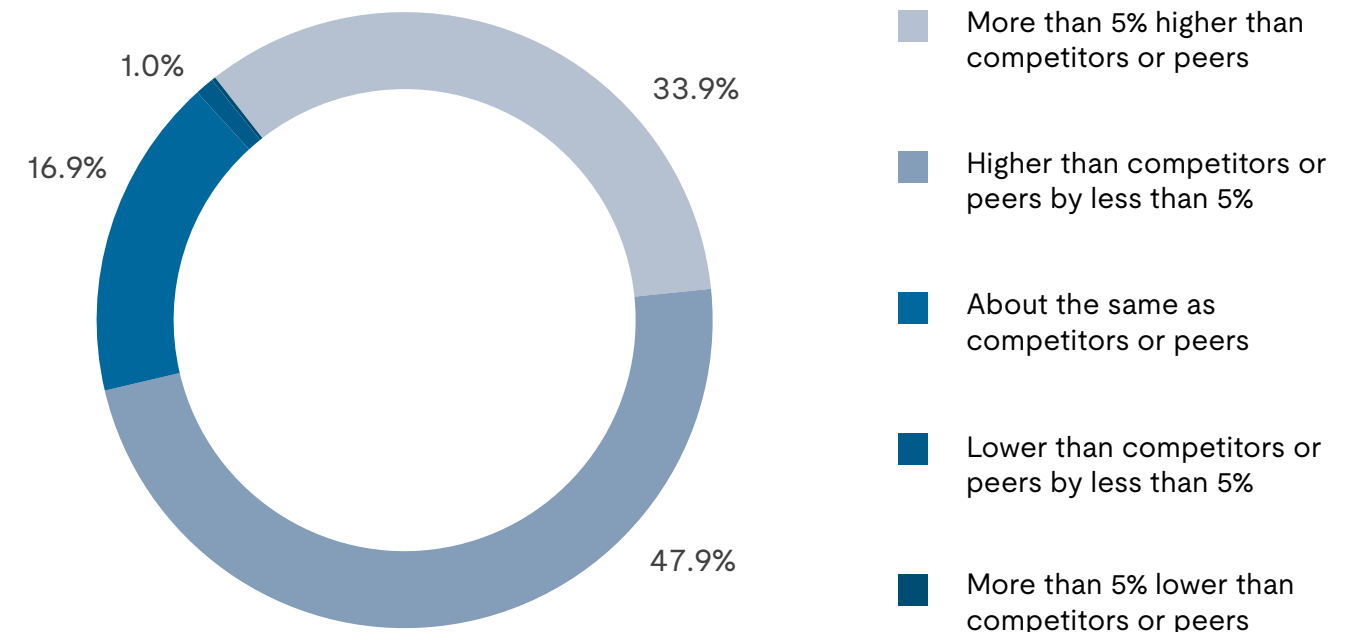
of leaders believe they've invested more than their peers over the past two years.



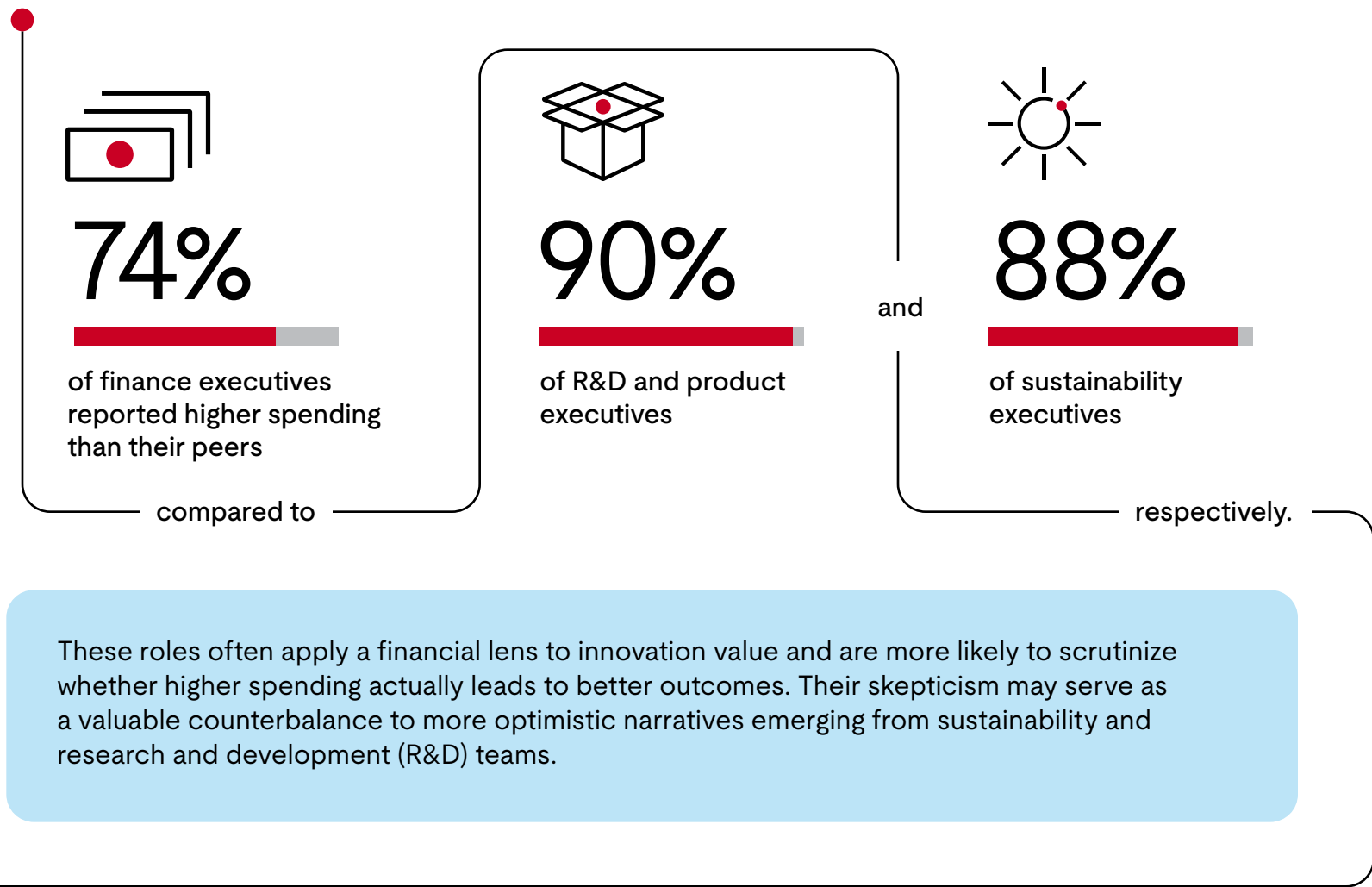
But when nearly everyone believes they are ahead of the curve, it raises a red flag. Without clear, external benchmarks, leaders may be mistaking activity for advantage.

Fewer than one in five respondents reported that they would value receiving guidelines for aspects of sustainability innovation across enterprise, product and asset sustainability applications.

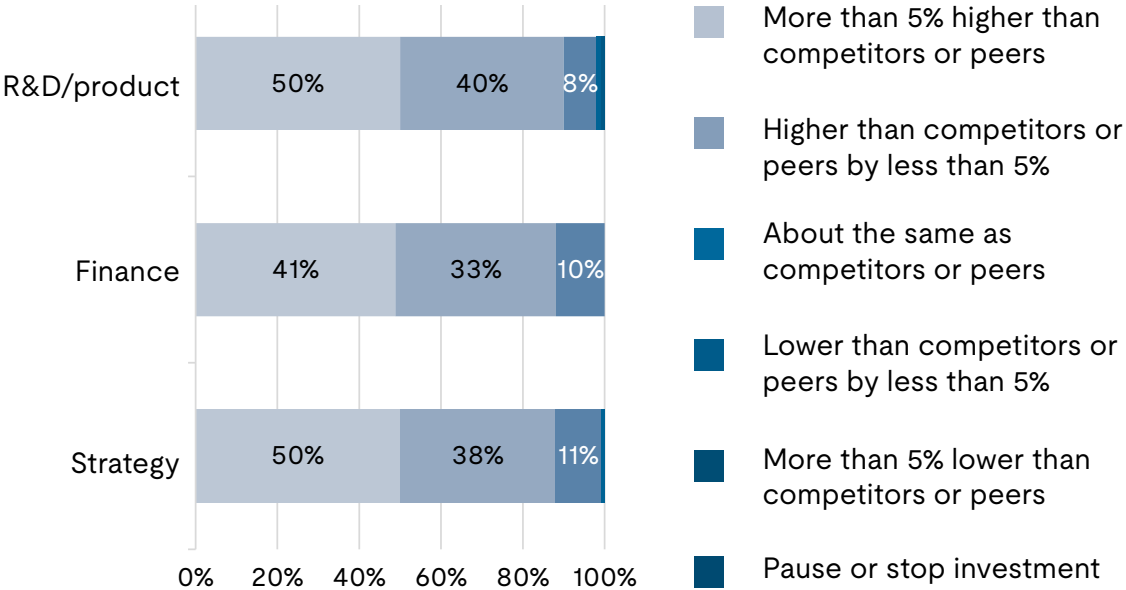
Sustainability investment 2023-2025 relative to peers (% responses)



Chief financial officers (CFOs) and heads of investor relations were noticeably more cautious in their assessments



Sustainability investment 2023-2025 relative to peers (% responses by executive role)

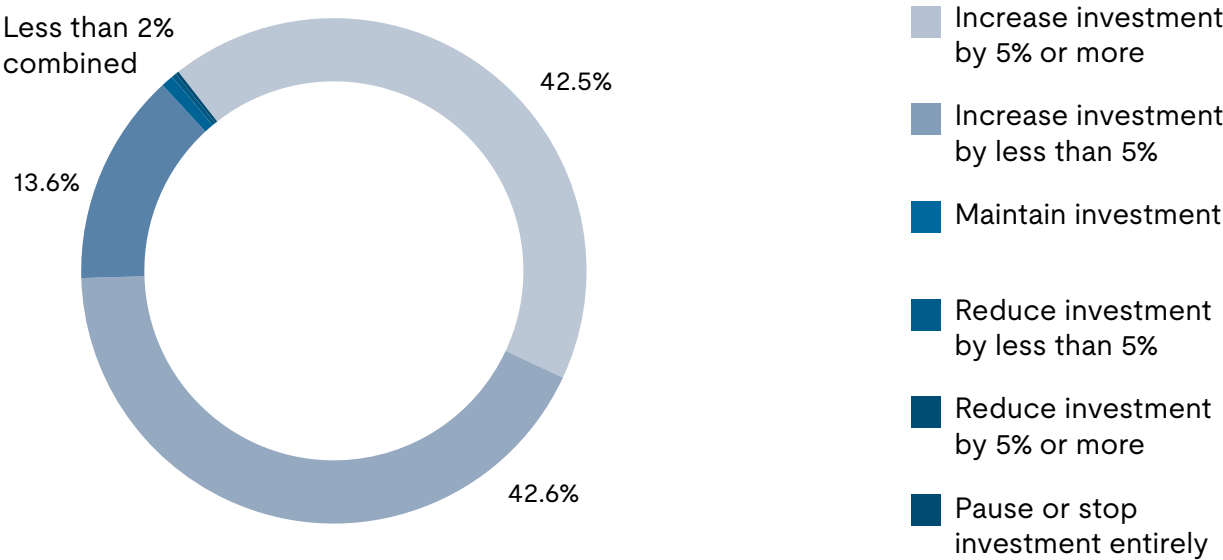


Ultimately, confidence alone isn't a strategy. As enterprise-level investment in sustainability accelerates, companies may need more than gut checks — **they'll need standardized metrics, external benchmarks and shared definitions of progress** to sharpen their competitive edge.

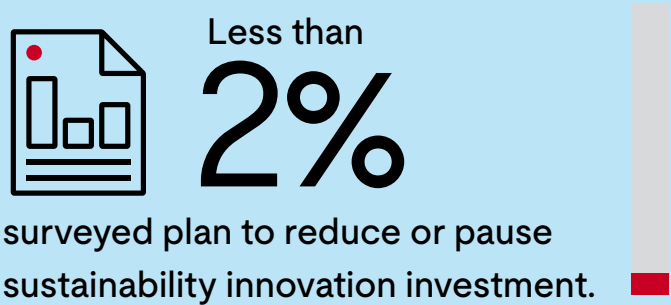
Leaders are going all-in on investment, but can they measure the impact?



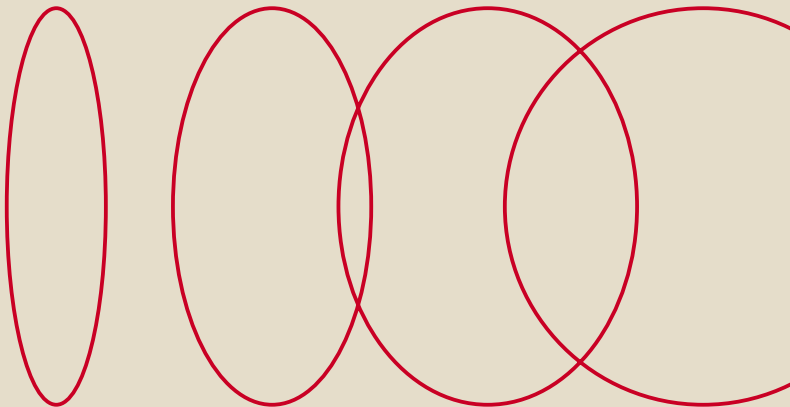
Investment in sustainability 2025-2027 vs. current investment (% responses)



While some leaders may overestimate past performance, the direction of momentum is clear:



This signals strong confidence. The data shows this surge will be broad-based, with growth expected across nearly every function, sector and region. Leaders increasingly view sustainability not only as a regulatory or reputational concern but as a **strategic engine for value creation and future-readiness**.



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# From surge to strategy, how can leaders de-risk their sustainability spend?

What's driving this acceleration? Respondents cited a mix of factors: cost reduction, competitive differentiation and future proofing their supply chains were among top concerns.

Many also noted that past investments in sustainability are having an impact on attracting investment and addressing shareholder needs, attracting and retaining talent, and reducing costs associated in increasing profitability.

However, this surge in investment introduces a new challenge: directing it effectively. The research highlights gaps in measurement, integration and cross-functional coordination —

factors that will determine whether this new capital truly drives innovation or gets diluted across disconnected initiatives.

The window of opportunity is open but finite. Companies that can channel their investment surge into cohesive, measurable, enterprisewide innovation strategies may be best positioned to strengthen long-term competitiveness.



# Emissions and supply chains are the new sustainability battleground

When asked which sustainability outcomes drive their innovation investments, industrial leaders consistently ranked



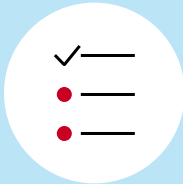
Reduction of carbon emissions



Increasing sustainability-focused R&D and innovation



More sustainable manufacturing and supply chains



as top priorities.

Ranked priority of top 3 sustainability outcomes (weighted score of rankings, scaled to 3)



This focus reflects a pragmatic alignment with regulatory pressure and stakeholder expectations.

# Executives say supply chains are a weak link in cutting carbon

Manufacturers with complex global supply chains (e.g., electrical equipment) placed **even greater emphasis on supply chain improvements than companies focused on services or software.**

This suggests growing awareness that sustainability must be operationalized through real supply-side innovation, not simply through goal setting or offset purchases.

Yet gaps remain. While carbon dominates current strategies, leaders in finance and marketing roles are more likely to also prioritize circularity and product life cycle impacts. This presents an opportunity for cross-functional collaboration.



# Trying to save both the environment and the bottom line: How leaders are balancing the equation

Sustainability leaders in industrial manufacturing face a delicate balancing act — pursuing long-term environmental outcomes while justifying near-term business value. Beyond cost reduction, the survey reveals that **two business outcomes consistently guide investment decisions**:

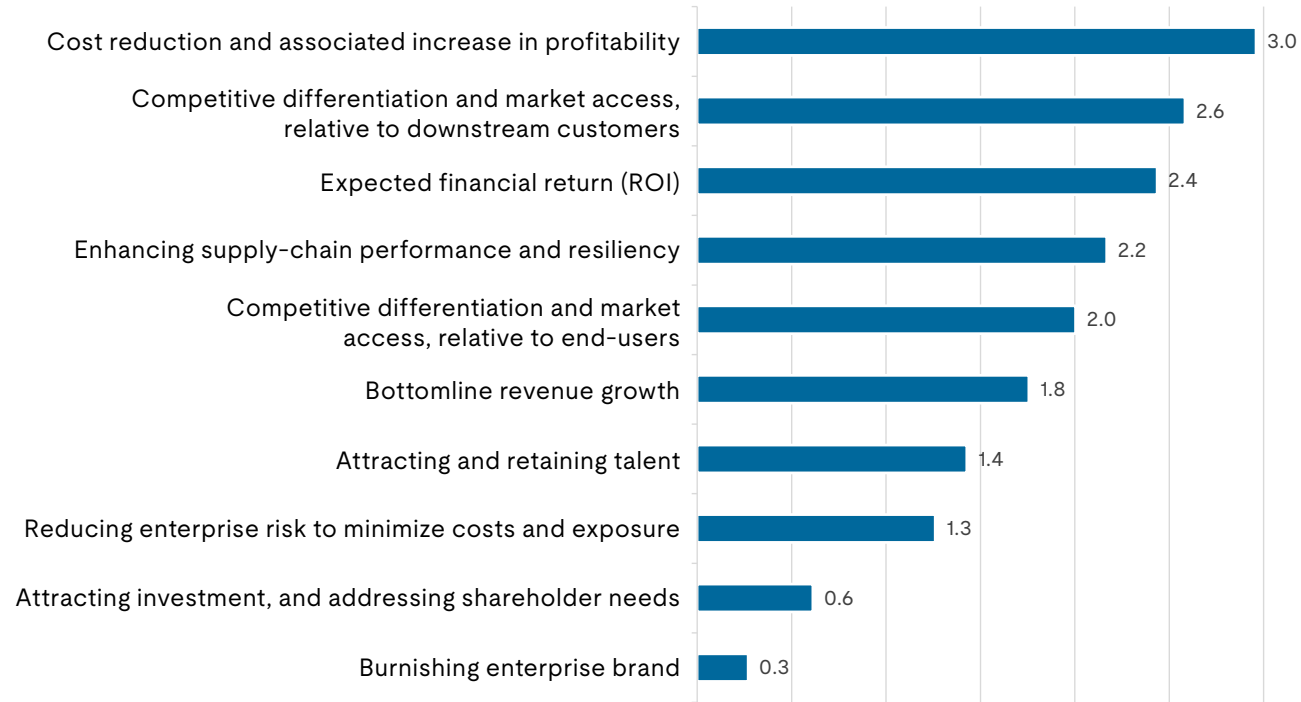


Return on investment (ROI)



Customer value or differentiation

Ranked priority of top 3 business outcomes (weighted score of rankings, scaled to 3)



## This finding underscores a practical reality:

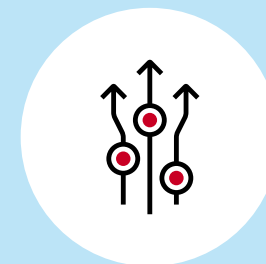
Even the most well-intentioned sustainability efforts are expected to demonstrate financial merit. Leaders consistently seek ways to demonstrate cost avoidance, operational efficiency and productivity gains. But it's not only about the bottom line. Many leaders also emphasized **supply chain performance and competitive differentiation and market access** — particularly in sectors like electronics and smart infrastructure, where ESG attributes are increasingly influencing purchasing decisions.



## Two engines, one trajectory: How leaders are balancing customer value and ROI

What stands out is how closely these two goals are linked. For example, companies that prioritized customer value were also more likely to rate ROI as “critical” rather than “important.” This suggests that sustainability innovation is not being siloed under ESG or compliance functions but is increasingly positioned as a strategic lever for growth.

Still, regulatory compliance or investor ratings ranked lower than customer value and differentiation. While external validation continues to play a role, the real momentum is internal.



Leaders are investing in sustainability to build market advantage, not just recognition.

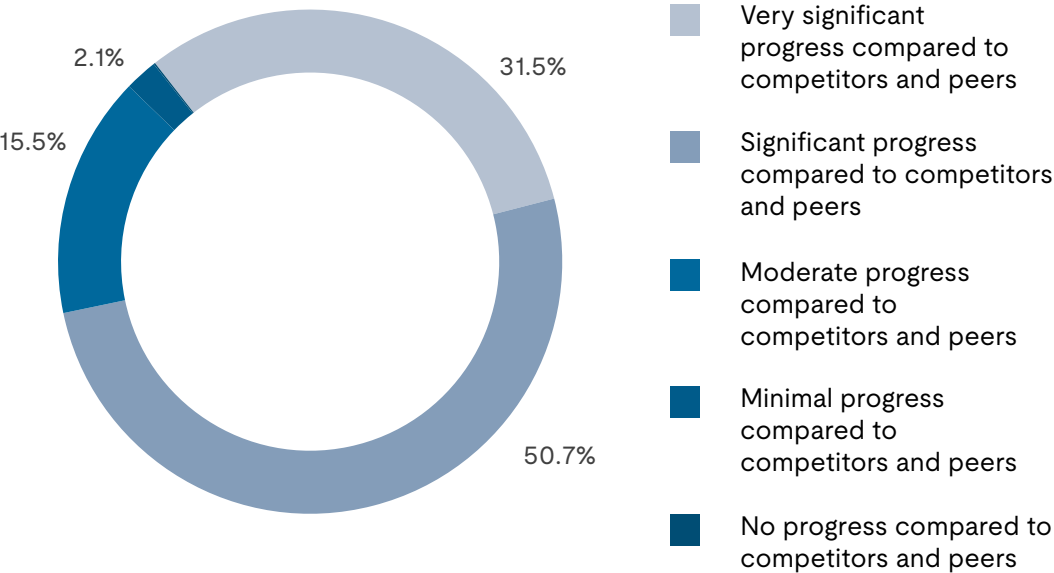
# If everyone thinks they're winning, who is ahead?

When asked to rate their progress on sustainability innovation:

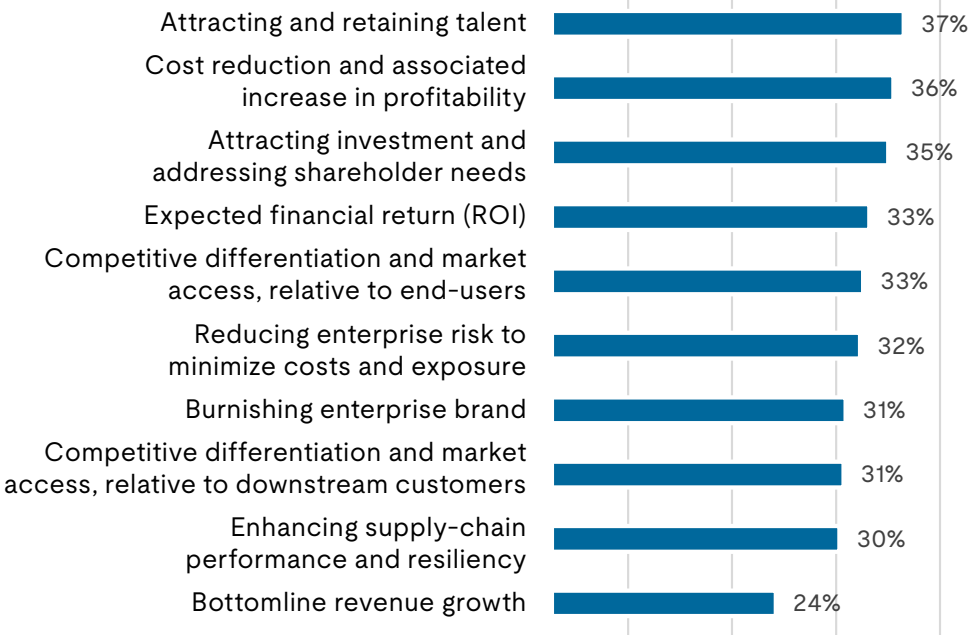
Over **82%** of executives say they've made "significant" or "very significant" strides compared to peers.

Yet only **24%** report "very high" impact on bottom line revenue growth.

Sustainability progress 2023-2025 relative to peers (% responses)



Impact of sustainability on business outcomes to date (% responses – very high impact: 5 out of 5)



Confidence is high, but the impact isn't backing it up — yet

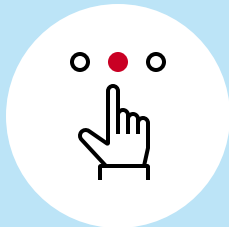
Ultimately, the data highlights a key challenge: closing the gap between activity and impact. This may require better measurement, clearer attribution of value, and stronger alignment between sustainability leaders and business owners.

# Unlocking innovation: What leaders believe will move the needle

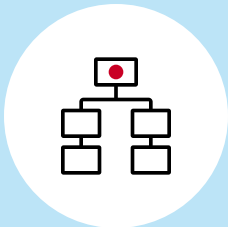
Leaders were asked to rate the potential impact of different strategies on sustainability innovation. Cross-functional collaboration, development of a clear strategy and data-driven decision-making were rated as the top three strategies with the highest potential to drive success.



Cross-functional  
collaboration

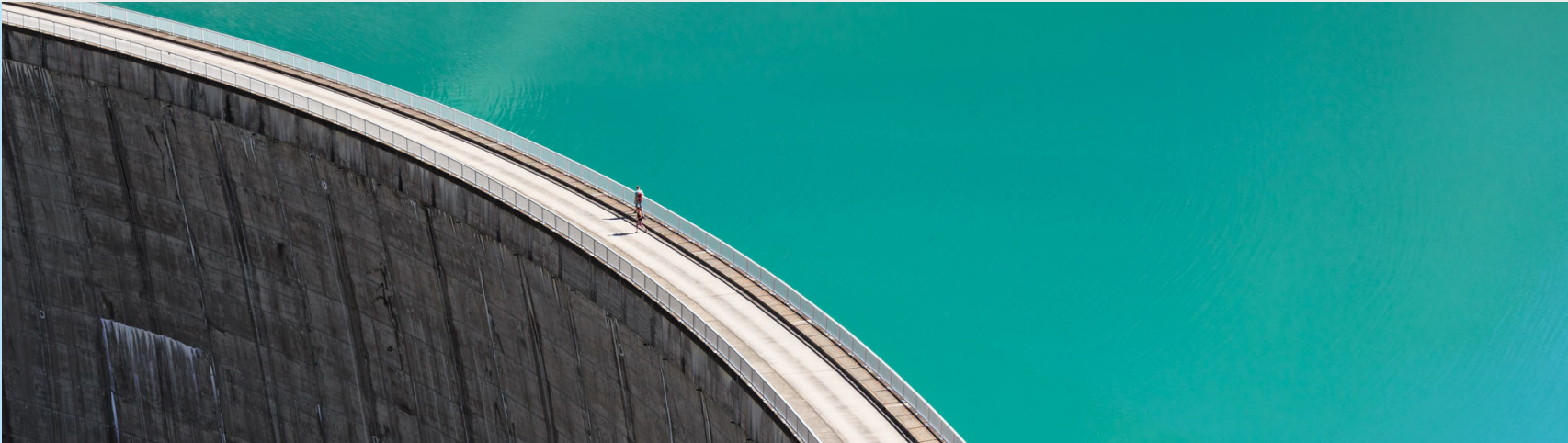


Development of a  
clear strategy



Data-driven  
decision-making

More tactical ideas — such as pilot programs or training — ranked lower. This reflects a growing maturity: leaders increasingly recognize that systemic change, not isolated initiatives, is needed to unlock transformative innovation.



## Potential to increase progress around sustainability (% responses – very high potential: 5 out of 5)



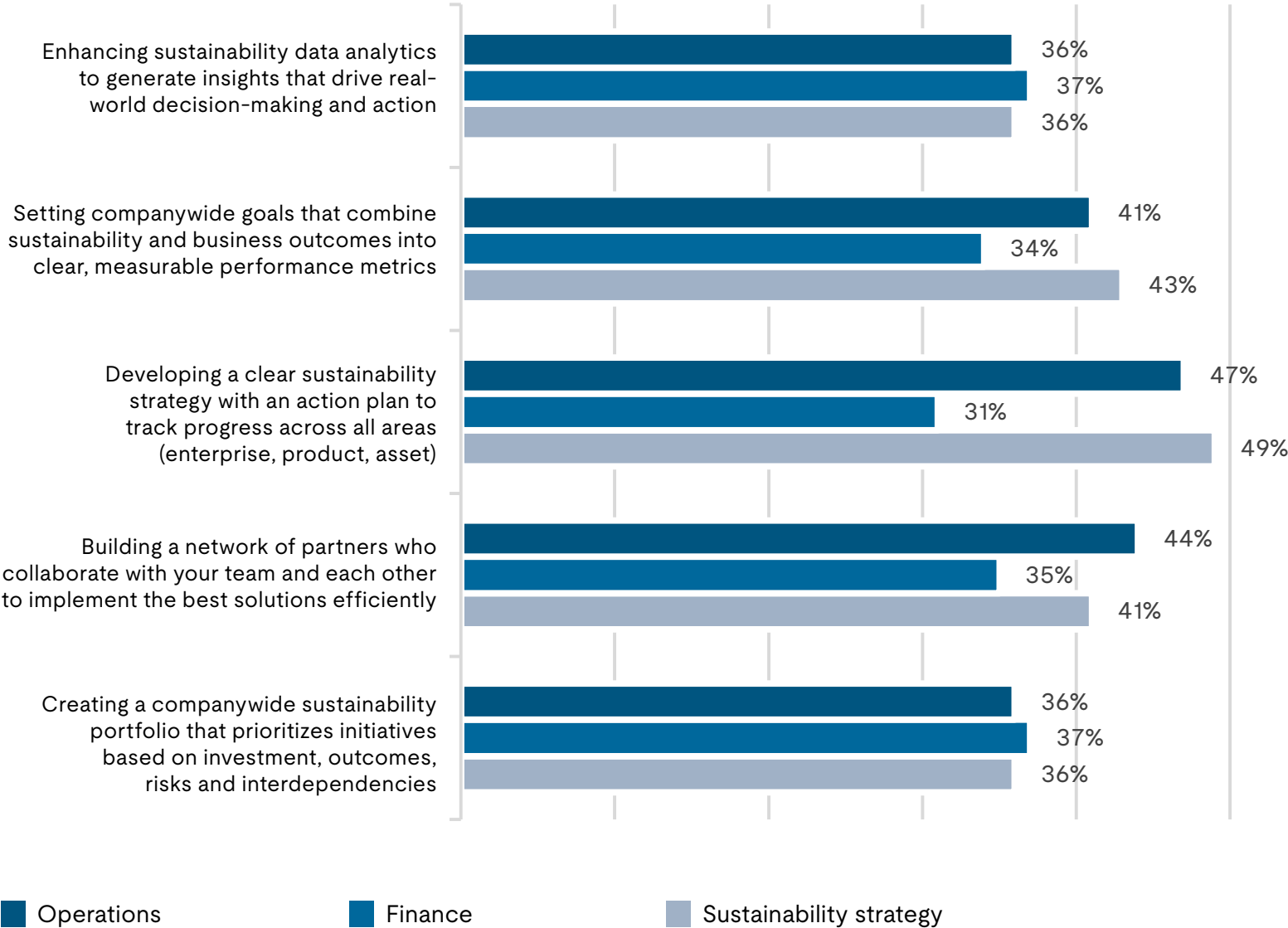
THE SUSTAINABILITY SURGE:  
STRUCTURE IS THE NEW STRATEGY

Interestingly, CSOs and operational leaders placed the greatest weight on setting a clear strategy with actionable business integration, while operational leaders and investor relations professionals focused more on analytics. This divergence reveals a **strategic tension** between inward and outward innovation models — and highlights the need for portfolios that blend both.

What’s clear is that no single lever will suffice. Leaders will need to combine cultural, technological and governance innovations to scale their efforts meaningfully.



Potential to increase progress around sustainability  
(% responses by executive role – very high potential: 5 out of 5)

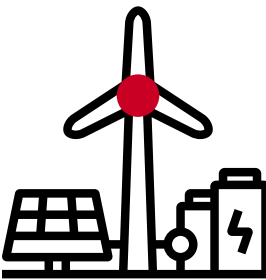


# Innovation can stall before it leaves the org chart



Although  
**85%**  
of leaders plan

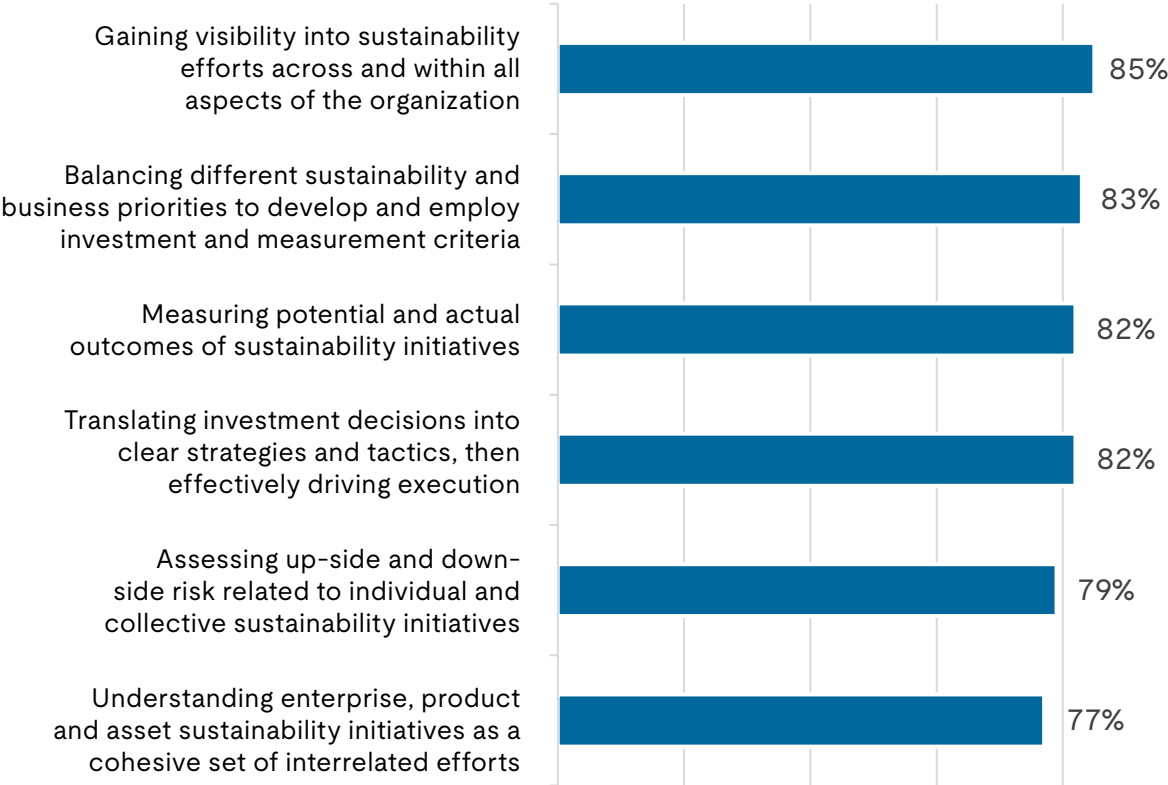
to increase sustainability investment, many still face structural barriers to making that investment truly strategic. When asked about challenges to building an enterprise-level portfolio of sustainability initiatives, respondents identified difficulty aligning investment goals, internal fragmentation and lack of visibility into initiative performance as top barriers.



More than  
**80%**  
of leaders said

that the challenge of gaining visibility into sustainability goals across all aspects of the organization has a high or very high impact, making it the most cited challenge to employing a sustainability portfolio.

**Impact of sustainability on business outcomes to date**  
(% responses – very high impact: 5 out of 5)



## Companies don't fail to innovate — they struggle to organize

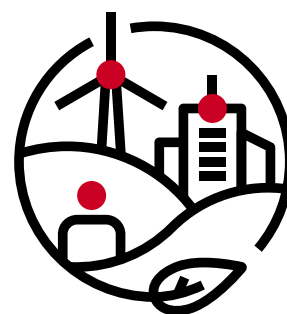
The data underscore a key insight: while individual projects abound, they often lack an enterprise scaffolding that enables prioritization, reallocation and scaling. This limits both visibility and velocity — executives can't optimize what they can't compare.

Executives across regions and roles shared similar concerns. Operations-focused leaders were more likely to flag internal complexity, while marketing and ESG leaders focused on governance and communication issues.

Ultimately, the shift to portfolio-level thinking is not just about doing more — it's about doing the right things consistently across the enterprise and at scale.

## From reporting to performing: Leaders surveyed are struggling to show how sustainability can drive business growth

Defining success remains a challenge and a major opportunity. When asked what they want from a third-party sustainability innovation framework, **executives prioritized the ability to link investments directly to business outcomes.**



Only  
**17%**

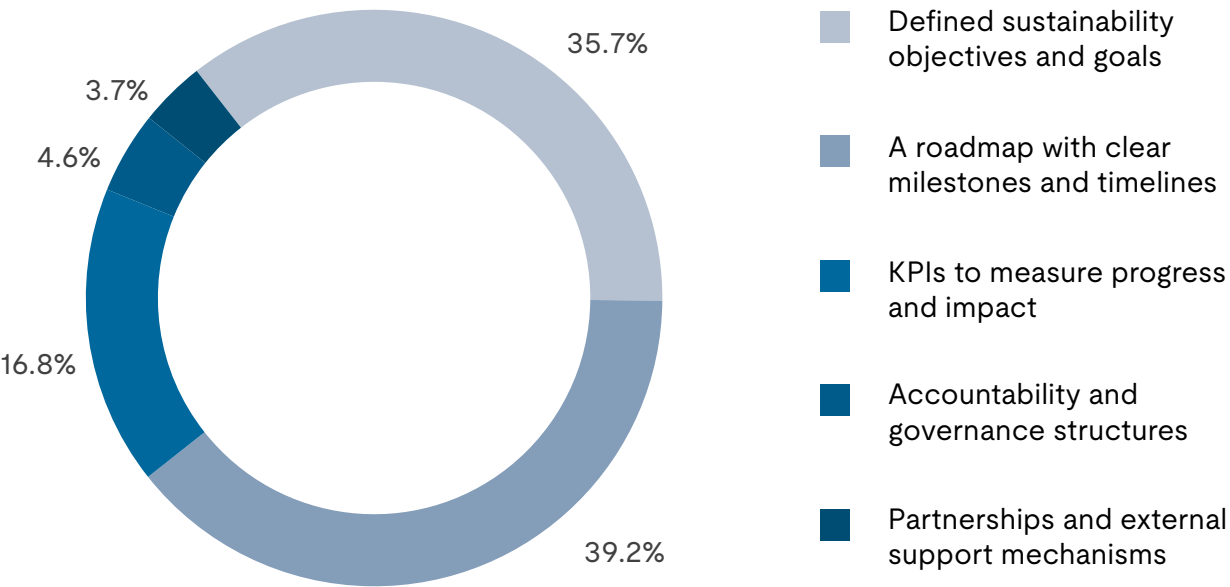
said alignment with ESG reporting frameworks was most important — suggesting many executives are seeking **practical, not performative, approaches.**

# This marks a meaningful shift

Leaders noted that the most needed frameworks for enabling sustainability execution are defined objectives and clear roadmaps — indicating that combining the operational tactics and business outcomes is a critical next step.


For example, one respondent cited the need for “a way to translate sustainability actions into investor language,” while another emphasized “connecting the dots between factory-floor improvements and top-line growth.”

Most needed framework to enable sustainability execution (% responses)



# Is your strategy scattered or scalable? The proof is in the portfolio

The value of a well-designed sustainability innovation portfolio is clear. When asked if they would increase investment with access to a usable, enterprise-level portfolio of initiatives,

 **97%** of leaders said they were at least moderately likely to increase spend — including

 **43%** who said they’d “very likely” increase investment

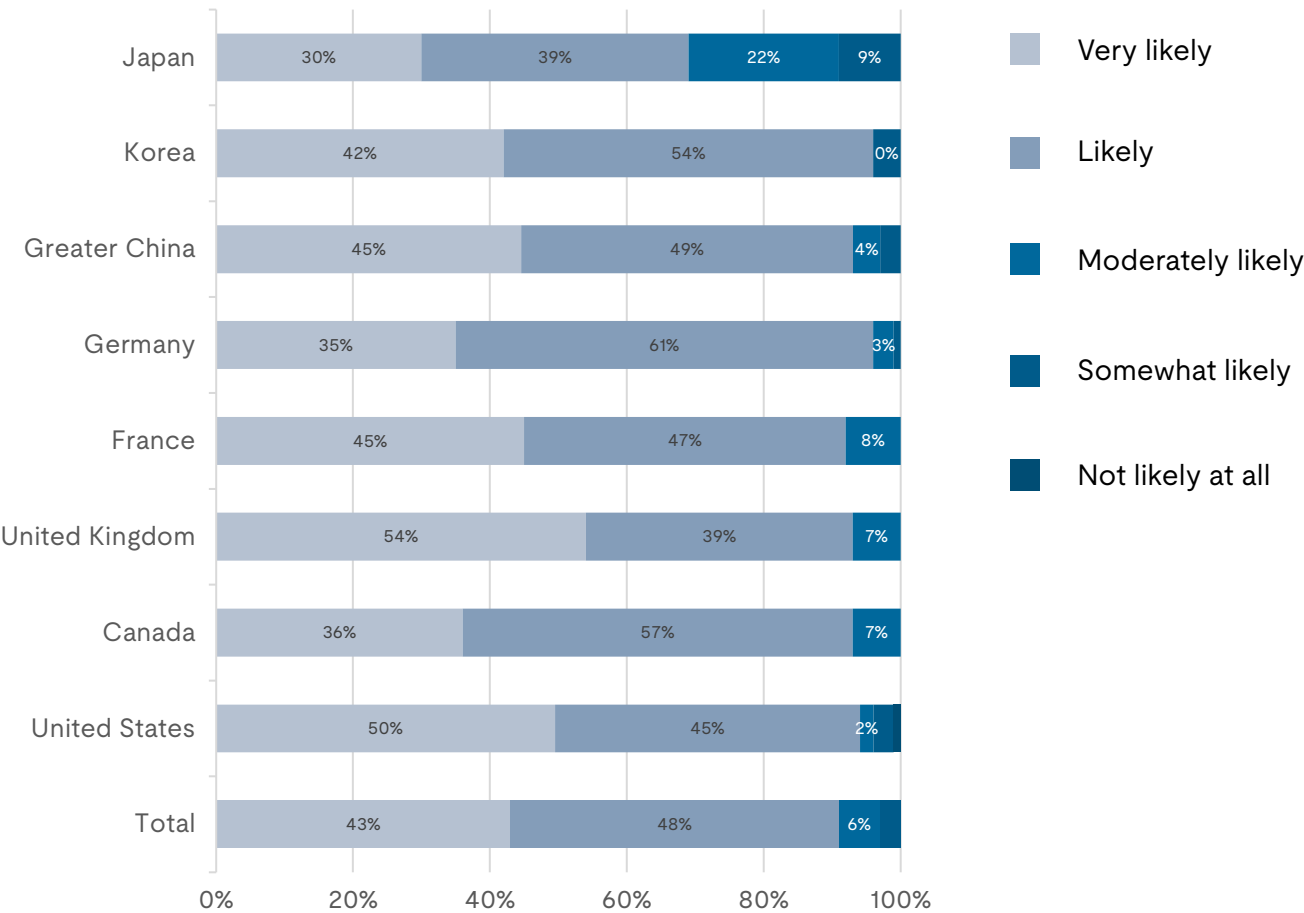
This is one of the strongest signals in the entire study. It suggests that the limiting factor isn’t will, or even resources — it’s structure. Executives are waiting for the clarity and cohesion that a usable portfolio can provide.

The portfolio model offers several benefits: a system to prioritize initiatives based on ROI and sustainability outcomes, a method

to track performance and a framework to reallocate resources dynamically. In many ways, it mirrors the playbooks used in R&D, product innovation and capital allocation — areas where industrial firms already have deep expertise.

The path forward isn’t about reinventing innovation — it’s about applying existing portfolio rigor to a new domain.

Likelihood to increase investment with enterprise sustainability portfolio (% responses)



# Hope is not a strategy: Leaders are changing up their approach

The industrial sector is entering a new phase of sustainability innovation — one where leadership is defined not by ambition alone but by **the ability to execute at scale across the enterprise.**

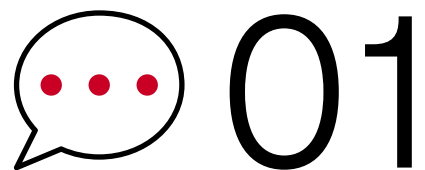
This research makes one thing clear: the future belongs to those who treat sustainability innovation like any other core investment — rigorously prioritized, performance-tracked and aligned with enterprise growth.

Critically, this shift must be data driven. Our findings reveal that most leaders lack meaningful benchmarks, outcome frameworks and integrated analytics. The path forward requires science-based, transparent decision-making grounded in comparative insight and tied to both ESG and profit and loss outcomes.



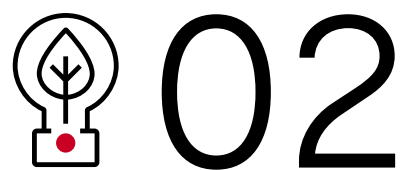
## Five priorities for leaders:

To turn sustainability innovation into sustainable growth, industrial executives must:



### Build portfolio thinking into your infrastructure

Enterprise-level frameworks let you prioritize, fund and track sustainability initiatives, like capital investments.



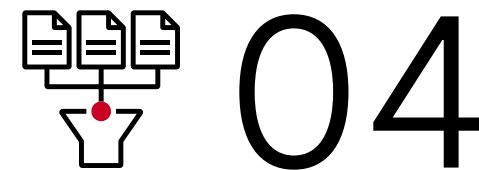
### Link innovation to growth

Move beyond compliance and cost savings to emphasize customer differentiation, market access and revenue impact.



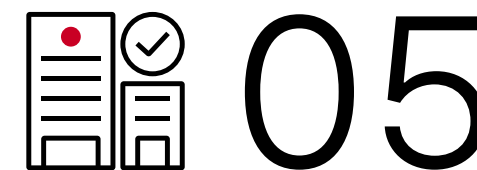
### Empower execution with tools and governance

Create repeatable processes and adopt third-party frameworks that tie innovation to measurable results.



### Let data drive your system

Integrate comparative benchmarking, analytics and business outcomes tracking into sustainability strategy.



### Drive cross-functional ownership

Align sustainability with product, finance, supply chain and customer teams to break down silos and clarify accountability.



This is not just a sustainability agenda. **It's an innovation imperative.** For those willing to embrace the rigor of portfolio thinking, it is an opportunity to lead their companies — and their industries — into a more resilient and sustainable future.

# The research makes one thing clear

The future belongs to leaders who treat sustainability innovation like any other strategically prioritized asset that is performance-tracked and aligned to enterprise growth.

The shift from scattered projects to structured portfolios isn't just a matter of efficiency — it's a prerequisite for scale, resilience and impact.

By applying the same discipline used in research and development (R&D), capital planning and digital transformation, industrial companies can unlock a new phase of sustainability leadership. The opportunity is to not only meet stakeholder expectations but also create lasting value across the business. For leaders ready to move from intent to impact, the next step is clear: take a structured, portfolio-level approach to sustainability innovation.





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