



**Five Reasons Why  
Business Leaders  
Need to Move from  
Compliance to  
Purpose**

# Five Reasons Why Business Leaders Need to Move from Compliance to Purpose

Businesses have so much potential to be a force for good by being profitable, providing value to stakeholders whilst also giving more than they take from people and the planet. There's no escaping the fact that the topic of sustainability is impacting every sector at an ever-increasing pace. There is the guidance, the trend, and the momentum to encourage businesses to work harder to align their stakeholders and find an equilibrium between economic, ecological, and social rewards, but many businesses simply don't know where to start.

Most businesses are forced to start, and they do this by complying with regulations and governance, but being compliant is not enough anymore. Addressing sustainability and the ambition to go beyond compliance can be complex, but ignoring the issue is a risky strategy that will not pay off in the long term. Instead, business leaders need to see the bigger picture and embrace the opportunities that being purpose-driven can bring, recognising that it's not a shift away from being profitable, it's about creating value with sustainability as the driver of all strategic business decisions.

## Plotting the Sustainability Journey

Firstly, it's important to recognise the stages of a sustainability journey from compliance to purpose. At Nexio Projects we have designed a sustainability maturity curve which we use to support clients through the process.

The sustainability maturity curve demonstrates the five levels of progression from compliance, accelerating, optimising, leading and ultimately being purpose-driven, focusing on continuous improvement to maintain a level of maturity and advance to the next stage.

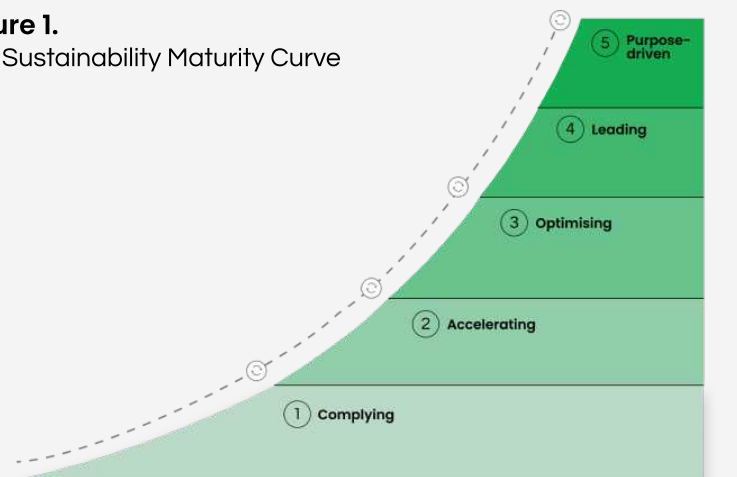
Each level demonstrates a progressive commitment to sustainability, going from meeting the minimum regulatory standards, through to setting goals and targets to taking

responsibility of the wider value chain and highly transparent transitioning to a truly purpose-driven organisation. At this level a company understands its role in the world from a system thinking perspective by embracing ecological stewardship and circular business models balancing people, planet, and profit.

Now that you can visualise the journey, perhaps you're still wondering why it should be a priority?

So, let's break it down into five key reasons, that will also then help you to consider the gaps and potential for your sustainability journey.

**Figure 1.**  
The Sustainability Maturity Curve



# Why it should be a priority?

## Reason #1

### Meet the pressure from stakeholders & regulations

Momentum is gaining pace with businesses facing growing pressures to redefine their position in society. This pressure is coming from four key directions, meaning that to survive and thrive businesses need to change their operations.

#### 01 Growing push from government and regulatory bodies

Enforcing an increasing amount of rules and regulations in the journey towards the EU being a carbon neutral continent by 2050.

#### 02 The rise of the conscious consumer

With consumers now consciously making buying decisions based on sustainability of what, where and how they make a purchase.

#### 03 Employees' expectations

Increasingly people want to work for a company that takes an active role in society, protecting the people and planet. This also leads to employee retention.

#### 04 Capital providers' expectations

Increasingly financial investors are looking at a good score on social and environmental aspects as well as financial ones. They are looking for resilience in the marketplace because of the points above.



## Reason #2

### **Move from being risk-oriented to capturing sustainability opportunities**

If sustainability is purely compliance focused it's being managed from a risk perspective and whilst you may feel that complying is reducing operational risks and protecting your financial bottom line, this approach is creating risks. This blinkered approach is a short-term solution that is going to limit the opportunities to remain competitive in such a fast-changing landscape. If instead businesses recognise the pressures and focus on potential opportunities, you can work on the assumption that you can expect higher returns if you're improving the commitment to sustainability, with the main reward at the end of the process being higher returns and higher satisfaction from stakeholders. In doing so, you can unlock new customer segments, such as the conscious consumers who place an emphasis on sustainability performance.

## Reason #3

### **Gain efficiencies**

Too often people see investment in sustainability as a cost driver, instead of a profit driver. Typically, organisations that are more in the optimising stage are understanding that financial gains and sustainability gains can go hand in hand. For example, you could optimise packaging, which enables transportation of more goods per carrier, which provides financial gains and sustainability gains. Or it can be as simple as gaining more efficiencies in transportation and logistics by improving efficiencies by sourcing products from a country that's nearer than a previous supplier, then you use less fuel, saving costs and have a smaller carbon footprint.



#### Reason #4

### **Lead and collaborate across your sector to set the agenda**

Being a sustainability leading in your sector means you can set the agenda by collaborating on a governmental level or work with industry peers to set a common sustainability agenda, thus increasing influence in the ecosystem which has many benefits from reputations to networking. Being a leader in your sector, rather than a follower also has the advantage of taking an element of in control of forming new and different collaborations across your whole value chain, supporting, and encouraging energy efficiencies, which means your entire sourcing may also become cheaper.

#### Reason #5

### **Make better data-driven decisions around material topics**

Sustainability data is critical for accountability and transparency, providing real time insights, predictions, and optimisation opportunities. Data-driven decision making is an intrinsic element of sustainability from Environmental, Social and Governance (ESG) reporting, BCorp certification, Scope 3 emissions and all the norms and standards that companies' area increasingly having to adhere to. So even if you're at the compliance stage, the importance of collecting data is already becoming a priority. But this is an opportunity because by elevating data analysis you can set the internal priorities and understand what's important to your organisation holistically from both a financial and sustainability perspective. The more data driven you get the more you can steer priorities and make data driven decisions such as, do you focus on your own business



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first or value chain? How far do you go into the value chain? Which eco-system players do you want to involve? You can also predict and prepare for future events, being proactive rather than reactive. For example, looking at how environmental changes may impact the financial bottom line in the future, such as extreme weather events. If we predict that temperatures will rise by 2% over the next 10 years, you can create an entire model to set expectations and the impact on the financial bottom line.

## Three next steps

Whilst at Nexio Projects we always tailor the next best steps for individual business, here are 3 pointers to get you moving in the right direction.

### Assess

01

Identify where you are on the journey from compliance to purpose driven. This can be as quick as a 5-minute survey that plots your position on the sustainability maturity curve.

[Take assessment](#)



### Transform

02

Based on these insights, take it as an opportunity to transform strategy and involve stakeholders around you. It's ok to have a separate sustainability strategy and then work to integrate it into the entire business.

### Engage stakeholders

03

Have meaningful conversations with employees, board members, suppliers, customers, investors and make sure that priorities are going in the right direction to meet their demands and thrive more as a business.

You need to recognise that readjusting and re-prioritising won't be achieved overnight but the sooner you start, the sooner you'll get to the opportunities and returns. Complexities around the entire regulatory system and field of sustainability in general should not deter you from taking action. Sustainability is about adapting and being flexible because it's a rapidly changing landscape, so the goal needs to be to stay ahead of an ever-evolving curve and work towards a seventh-generation perspective, which is not just making decisions for sustainability today but for seven generations into the future.

## About the author



### Matthijs Germs

Senior Sustainability Consultant

Matthijs is driven to contribute to a world in which business is a force for good. He has 6+ years of experience in corporate sustainability consulting, and leading international teams across 4 continents. People appreciate Matthijs for his curiosity, ability to bring structure to complex challenges, being action-oriented, and stakeholder management. He's got a background in psychology and sustainable business. In his spare time, he is the chairman of a social impact initiative called the Global Shapers.

[Contact us](#)

### About Nexio Projects

Nexio Projects is an international sustainability consultant and implementation specialist that supports a wide range of customers on their journey from compliance to purpose. Nexio Projects differentiates itself through strong partnerships with the world's leading ESG service providers such as EcoVadis, its pragmatic and human customer approach, and its unique team culture that attracts and retains the best international talent globally.

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