

WAVESTONE

Regulation: Accelerator or brake in the quest for sustainable performance?

Global Executive Summary

CSR Barometer – 3rd edition

In partnership with



Editos



Cédric Baecher
Partner, Wavestone



"Beyond the risks and constraints, the European CSRD directive, which came into effect on January 1, 2024, represents an exceptional opportunity to accelerate sustainable transformation in companies, both technically and humanly. By promoting increased transparency in environmental, social, and governance (ESG) practices and facilitating performance comparisons across sectors, the CSRD encourages companies to pragmatically adapt their strategy and operations to integrate sustainability issues at the core of their business models.*

The Impacts - Risks - Opportunities approach makes it possible to better anticipate future challenges and seize new market opportunities. It is crucial not to reduce ambition to a mere compliance exercise: if all efforts are focused on reporting, there is a significant risk of losing sight of the essential, namely substantial changes in practices and the active pursuit of new strategic differentiation opportunities,, especially through innovation.

To succeed in the medium to long term, companies must look beyond the administrative obligation and use the CSRD as a lever to initiate, accelerate, and scale the necessary internal transformations. This represents a true paradigm shift, prioritizing an expanded vision of "overall performance" to drive development and strengthen the company's resilience. This enables the continued creation of sustainable value in an increasingly complex environment."



Sébastien Mandron
C3D Board Member



"In recent years, the CSR Director's position has become institutionalized within the company, and their mission has been standardized. They have gathered and orchestrated actions aimed at demonstrating that the company acts in a 'Responsible' manner by respecting its environment and ecosystem.

The arrival of the CSRD in Europe will evolve this role and increase its level of responsibility. Indeed, the CSRD, with its ambition and extensive scope, emphasizes the 'Sustainability' of the business model, which goes beyond the current notion of 'Responsibility.' The CSR Director will therefore have to integrate this mission of 'Protecting' the company's business model, where identifying and assessing threats (risks) becomes the central theme for developing action plans and mobilizing the necessary financial resources. The new Sustainability Director will thus take on a much more strategic and long-term role in the future."

Key findings

01

Thoughts on Planetary Limits

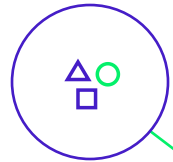


69%

of companies have already initiated specific discussions or studies to assess the compatibility of their business models with planetary boundaries.

02

A persistent lack of skills to support the transition

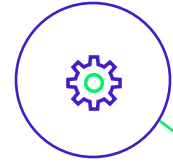


74%

of companies still identify the lack of specific CSR skills within their teams as a major obstacle to implementing sustainable strategies.

03

The critical influence of customers on CSR strategy

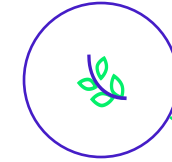


88%

of respondents indicate that their customers are among the top 3 external stakeholders to consider when developing their CSR strategy and transforming their business model.

04

A challenge to master the complexity of CSRD and make it a lever for transformation



Although
70%

of respondents see the complexity of CSRD as a major obstacle to its adoption, it is nevertheless perceived by the majority (71% of responses) as an opportunity to improve performance and sustainably transform the company.

01. Rethinking business models and developing skills for sustainable transformation

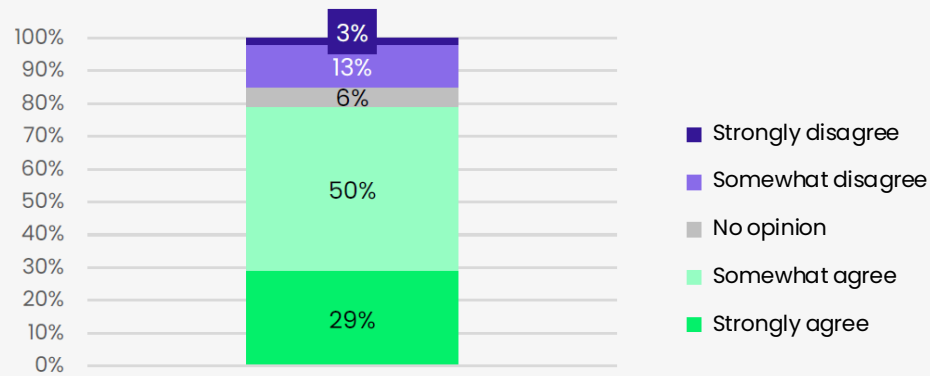


Gilles Vermot-Desroches
Chief Citizenship Officer, Schneider Electric

"We have long recognized the importance of planetary boundaries and the need to adapt our business model accordingly, and we are responding by mobilizing our economic partners. Our business model has adapted to become one of the world's leaders in the fight against climate change. But there is still a long way to go."

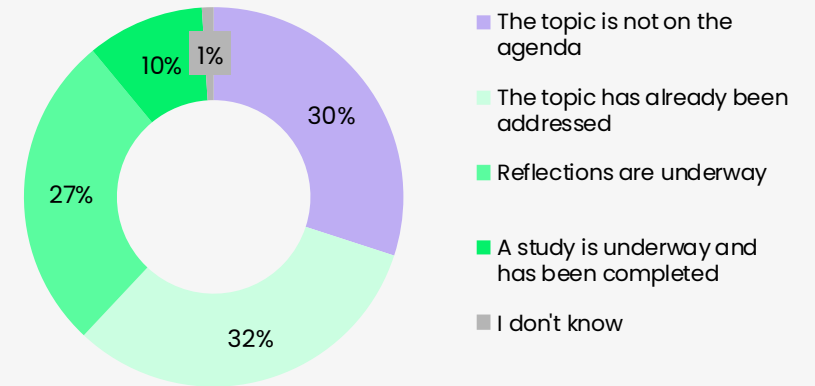
Companies Are Stepping Up to Meet the Challenges of Global Limits

Evaluation of CSR ambition in companies in response to social and environmental challenges



The CSR objectives are in line with current challenges

Thinking about Compatibility between Business Model and Planetary Limits



What are planetary limits?

These are nine ecological thresholds that humanity cannot exceed without risking major disruptions to Earth's systems. These limits call for sobriety and regeneration to anticipate crises, manage resource costs and secure supply chains. Six of these limits, including the integrity of the biosphere, have already been crossed.

79% of respondents indicate that their CSR objectives **meet current environmental and social challenges**. Today, most responding companies are beginning to explore the possibility of transforming their business models in light of **the urgency related to exceeding planetary boundaries**. **Indeed, 69% of companies have already initiated discussions or launched dedicated studies.**

This shift in perspective highlights **the need to gradually evolve business models**: far from simply "greening" the current economy, the goal today is to produce essential goods and services that meet fundamental needs while adhering to sustainability principles.

* Official source presenting the concept of planetary limits: <https://www.notre-environnement.gouv.fr/themes/societe/article/limites-planetaires>

Interview



Isabelle Spiegel
Environment Director, Vinci



"Establishing a corporate culture that considers CSR issues is a powerful lever for engaging employees and driving transformation, requiring sustained efforts and innovative initiatives."

How do you establish a corporate culture that takes CSR issues into account?

To create and disseminate a common culture within the VINCI group, we make significant efforts and seek innovative ways to engage teams at all levels. Firstly, there is an annual highlight for everyone with VINCI Environment Day on September 24. Additionally, we have an internal competition launched in 2020 and renewed in 2024, the Environment Award, to encourage action and support environmental initiatives. This competition, which lasts almost two years, invites candidates to prepare concrete projects over six months, with regional phases and support from experts and juries. Once the winners are selected, we help them deploy their initiatives in internal and external markets. For example, the latest grand prize was awarded to an ultra-low carbon concrete solution, reducing emissions by up to 70%, which was deployed three years later on several dozen projects.

The cultural integration also largely occurs through word-of-mouth and emulation. For example, a colleague's successes inspire others and foster a desire to progress.

Additionally, we facilitate internal communities, such as Ecowork, a community dedicated to sustainable cities that brings together employees from all our entities.

How do you sustain various ESG (here, environmental) initiatives in such a large and decentralized structure?

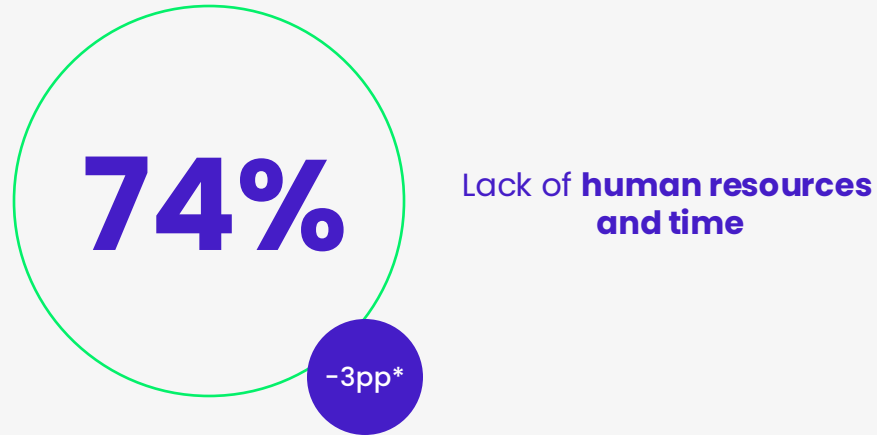
We animate initiatives by country or region through pivotal clubs, gathering leaders from various geographic entities to encourage the sharing of best practices. We also aim to mobilize the most competent experts within technical coordination, regardless of their hierarchical level, to ensure diverse representation in our discussions. This approach allows us to benefit from diverse expertise, insights, and experiences, emphasizing the internationalization of our efforts.

How does the shift towards sustainable practices contribute to the skills development of your employees?

With the adoption of new techniques in our project execution, employees' skills are gradually evolving towards sustainable practices. For instance, the introduction of low-carbon concrete on our construction sites requires adjustments in work practices, contributing to the development of new skills. This evolution is accompanied by a high level of employee engagement, as they become increasingly invested in this transition.

Another example is VINCI Real Estate setting a goal to generate 50% of revenue through urban recycling, surpassing regulatory sustainability standards, thereby providing new opportunities for skills development within our teams. These advancements are supported by heightened awareness and increasing commitment from senior management, fostering strong employee involvement in these initiatives.

Increasing investments are essential to address challenges in terms of resources and CSR skills



Nearly three-quarters (74%) of companies identify the lack of human resources and time as a major barrier to implementing their CSR policies. Over half (52%) also consider the lack of financial resources to be a significant obstacle. Clear directives and the deprioritization of CSR issues are also cited by 43% of companies as significant challenges. By

allocating sufficient resources and clarifying objectives, companies could enhance their overall performance and ensure sustainability while meeting the increasing expectations of society and markets regarding sustainability.

*Difference in percentage points (pp) compared to the 2023 barometer results (134 respondents)

Proportion of employees engaged in CSR initiatives



Despite a strong interest among employees in CSR issues, only 58% of companies indicate that a small proportion of their employees are actively engaged in CSR initiatives. This low engagement can partly be attributed to a lack of specific skills within teams, a challenge acknowledged by nearly three-quarters (74%) of surveyed companies. Moreover, consistently updating knowledge and expertise in CSR topics is crucial as these

fields evolve rapidly. To effectively address the necessary transformations, it is essential to invest in ongoing training, systematically integrating CSR topics into programs for both executives and operational teams.

Interview



Rémi-Pierre Lapprend

Former Director of CSR Engagement,
Maisons du Monde



"Fully integrating CSR into the strategic vision is the true catalyst for business transformation."

How do you ensure business transformation to meet growing CSR requirements?

Within the CSR department, we've established a transformation unit tasked with supporting various business teams in developing their respective roadmaps. By promoting CSR initiatives across every function, we enhance business operations by fostering the development of new skills. Most importantly, we've facilitated the emergence of new roles that address environmental and societal challenges within the company.

Thus, to strengthen the sustainability of our products, a Responsible Offer unit has been created within the Offer department, focusing on supplier social risks, environmental audits, material traceability, and the integration of renewable materials. It closely collaborates with the design,

procurement, and supply chain teams to ensure the integration of CSR criteria into product selection and creation processes.

In our stores, new roles have emerged with the establishment of an RSE (CSR) ambassador network across all boutiques. This has led to significant changes for store managers and technical teams, who are now integrating environmental best practices alongside maintaining operational performance.

Beyond transforming our business functions, how do you promote a better integration of CSR issues at all levels of the company?

Our network of CSR champions plays a crucial role in disseminating best practices and operational goals throughout the organization. Each champion, typically a

manager who is a member of a management committee (CODIR), addresses specific issues within their department: responsible digital practices within IT, circular economy in logistics, green finance in finance department, etc. This approach aims to align individual objectives across all management committees to integrate CSR issues effectively.

The goal is to mobilize the entire organization across all functions through the role of these champions and at every level. This starts with mobilizing our 350 CSR ambassadors in stores who oversee environmental performance and raise awareness among teams and customers about our commitments. Finally, it involves integrating CSR objectives into the compensation of top management and executives, thereby encouraging action.



02. Deploying an effective CSR strategy through key stakeholders: Customers and top management



Isabelle SPIEGEL

Environment Director, VINCI

"To create and disseminate a common culture within the VINCI Group, we are making significant efforts and exploring innovative ways to engage teams at all levels."

Interview



Géraud PELLAT DE VILLEDON

CSR Director, ID Logistics



"Engaging our clients in more sustainable practices represents a crucial challenge, demanding an innovative and collaborative approach to successfully navigate this transition."

How do your clients influence your CSR initiatives and how does this translate internally?

As a service provider, we largely evolve in sync with our clients. When our clients show interest in specific CSR initiatives, we support them in this direction alongside our standard actions. Our commitment to clients translates into a constant effort to integrate CSR initiatives and practices into our service model, taking into account their specific demands and constraints.

For example, we assist our clients in optimizing their processes to reduce waste, while considering their operational constraints. Despite our contracts often being short-term, we are fully committed to implementing significant operational changes that can have long-term positive environmental impacts.

This approach strengthens our positioning as a strategic partner focused on sustainability, placing the expectations and needs of our clients at the forefront of our considerations, while striving to align with sustainable practices in line with our CSR strategy.

Next, it is crucial to engage all our employees so that CSR, with all its facets, becomes an integral part of our overall client approach. While the topic is currently very popular, creating a sustainable culture requires educating and raising awareness internally. Our new CSR culture therefore requires specific training programs. Awareness sessions such as "La Fresque du Climat" are necessary to acculturate our employees. These are complemented by training sessions that include specific modules demonstrating concretely how CSR applies to our roles and responsibilities.

How do you approach the challenges related to waste management in your sector?

Waste management presents a significant challenge for us because most of it originates from our clients rather than our internal processes. There is a crucial issue of traceability with these wastes.

We have set ambitious goals for reusing waste in our exit processes. We are also implementing concrete actions, such as transitioning to reusable packaging. While we face challenges related to standardization and automation of our operations, we are adopting a creative and flexible approach to integrate sustainable practices into our processes.



Deploying an effective CSR strategy through key stakeholders: Customers and top management



of companies recognize their customers as **key stakeholders in the development of their CSR strategy.**

Companies are facing increasing pressure from external stakeholders, particularly customers who are becoming more sensitive to environmental and social issues. For 99% of respondents, building a strong brand image is a crucial, if not decisive, challenge. Additionally, "investors and shareholders" are also a top priority for 67% of respondents, followed by "suppliers

and subcontractors" at 65%. These groups are vital to the business models of companies, emphasizing that the shift towards effective CSR cannot be sidelined.



94% of companies believe it is important for CSR issues to be **championed by a member of the Executive Committee (COMEX) or Executive Management Team (CODIR).**

In 2024, a significant evolution is observed in the commitment of top management towards CSR: 93% of companies have integrated a CSR representative into their executive committee. Additionally, 90% of respondents believe it is crucial for a member of the COMEX or CODIR to champion CSR issues. This approach promotes internal prioritization of CSR topics and ensures informed decision-making

oriented towards sustainable and innovative practices. These initiatives enhance the credibility of the company and its commitment to both internal and external stakeholders, directly impacting its reputation.

*Difference in percentage points (pp) compared to the 2023 barometer results (134 respondents)

Interview



Laura Palmeiro
Head of Sustainable Finance, Danone



"Management support is a necessary condition for the success of sustainable development initiatives."

How is Danone committing to sustainable transformation and how is this transformation supported?

Since 1972, Danone has been committed to a dual economic and societal project. Faithful to this commitment, the company has always worked towards harmonious progress, combining economic performance with a positive societal impact. Today, we are renewing this strategy with the Danone Impact Journey, an initiative aimed at rethinking our business model for an even more responsible and sustainable future. This program is based on three pillars: improving health and well-being through healthy eating, reducing our environmental footprint by adopting sustainable practices, and supporting local communities by promoting social inclusion. This program inspires every level of our organization, supporting our commitment to creating a better future for all.

This approach is made possible by two essential levers: company management, which guides our mission towards meaningful innovations and a positive impact, and corporate culture, which naturally fosters the engagement of all stakeholders.

What is the impact of this transformation within the Finance function?

We have decided to transform our organization by creating a new department that brings together all positions responsible for measuring non-financial performance. This new team, directly reporting to the CFO and supported by company management, is dedicated to the measurement, controlling, and reporting of non-financial elements. This initiative was essential given the growing importance of CSR topics in the decision-making process, as well as to meet the needs of external information users.

The challenges related to the arrival of the CSRD accelerate this transformation. Although some aspects of the regulation may be perceived as restrictive in the short term, they can help companies better assess their impacts, thus promoting positive long-term evolution. However, we recognize the challenges associated with the rapid implementation of this regulation and the need for adjustments and harmonization over time. Indeed, the regulation and practices will likely evolve to better meet the needs of companies and promote effective harmonization.



03. Making CSRD a transformation lever despite its complexity



**Béatrice JUNG &
Caroline GONIN**

CSR Director & Chief Human
Resources and CSR Officer, Transdev

"Significant efforts in change management will be necessary to make the CSRD's reality as pragmatic as possible. It must serve both global and local business objectives, as well as the overall transformation of the company."

75% of companies subject to CSRD have already started their compliance process.

What is the CSRD?

La CSRD (Corporate Sustainability Reporting Directive) is a recently published directive by the European Union that mandates over 50,000 companies in Europe to disclose an expanded set of CSR (Corporate Social Responsibility) data. This includes primarily environmental and social aspects, as well as governance issues. To comply with CSRD, companies must publish:

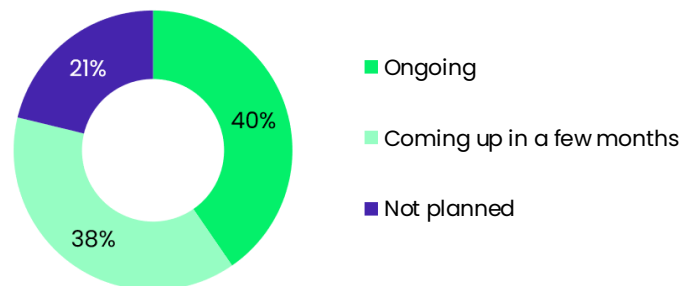
- Detailed information on their sustainability risks and opportunities, as well as the impact of their activities on the environment and society.
- Their policies, action plans, and sustainability objectives.
- Information on the governance of these matters.

The requirements for traceability and auditability of information necessitate that companies establish robust processes to identify and collect the necessary data and structure it in their new reporting framework.

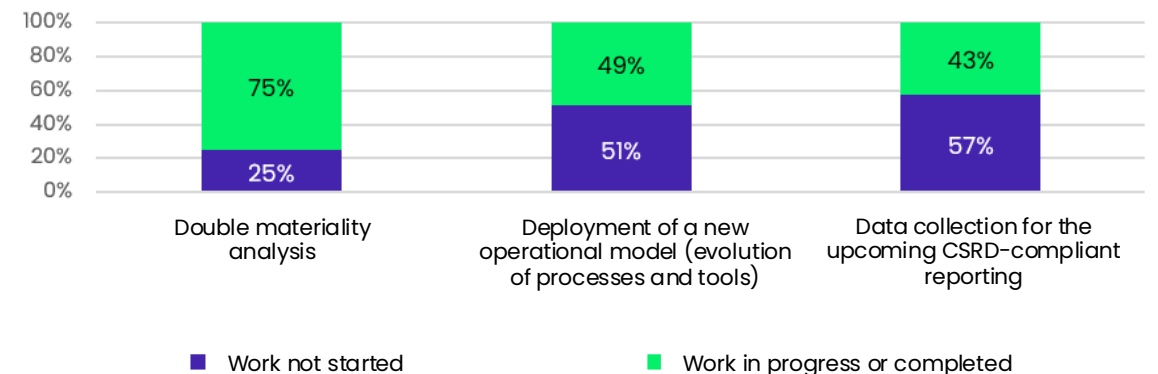
The results of our study show a movement among companies to comply with the CSRD. Indeed, **75% of respondents** (subject to the CSRD between 2025 and 2027) **have begun their efforts to comply with the CSRD** : specifically, 75% have completed or are in the process of completing their double materiality analysis (specifically 94% for respondents subject to the CSRD in 2025 and 36% for those subject in 2026), 43% are working on data collection, and 49% are implementing a new operational model to meet CSRD requirements, including new processes and tools.

These figures reflect the importance companies place on preparing for these new regulatory requirements. Additionally, **78% of respondents indicate they have launched or will soon launch change management plans**, essential for engaging stakeholders and transforming processes

Implementation of change management plans



Progress in preparing for compliance with the CSRD



Interview



Béatrice JUNG
CSR Director



Caroline GONIN
Chief Human Resources and CSR Officer, Transdev



How does Transdev position itself regarding sustainability?

As a public transport company, Transdev naturally engages in activities that are virtuous socially and environmentally, contributing to the development of collective transportation modes and facilitating mobility for a wide audience. Beyond this virtuous DNA, Transdev continuously strives to further its ambitions in sustainable strategy by investing in clean technologies and implementing local initiatives to enhance sustainability and the quality of life in the communities it serves. Discussions are ongoing regarding the sustainability of our model, taking into account planetary boundaries.

Does the obligation to comply with the CSRD imply changes in your organization and processes?

Through the process of compliance with the CSRD, we will continue to work collaboratively with various communities and sectors.

Significant efforts in change management will be necessary to ensure that the reality of the CSRD is made as pragmatic as possible. This should serve both global and local business objectives, as well as the overall transformation of the company.

As a public transport company, we also face the significant challenge of engaging our clients, the public authorities, who are not subject to the CSRD. This will require close collaboration to align sustainability goals and ensure consistency in the initiatives undertaken.

What will be the impact of the CSRD on the operations?

Our core business involves assisting communities in developing their transportation systems, and our activity is distinguished by our ability to work closely with local stakeholders. Therefore, we need to focus on responding to specific operational

situations rather than just focusing on indicators. CSR and the transformation of our offerings occur at the local level.

Regarding the CSRD, our challenge is to make concepts concrete and operational for frontline team leaders. Managing sustainable performance must be integrated into operational performance, thus promoting incremental innovation. What we must avoid is spending too much time on reporting at the expense of taking concrete action. Finally, it's important to strike a balance between identifying and addressing material issues as per the CSRD and continuing to work deeply on topics that are significant to our business. This involves maintaining a comprehensive approach that considers both regulatory requirements and specific business priorities.

"The CSRD represents a real opportunity to strengthen the integration of CSR into corporate strategy and place sustainability issues at the heart of their business model."

Interview



Gilles VERMOT-DESROCHES
Chief Citizenship Officer, Schneider Electric



"Innovation is a key element in building sustainable business models and cannot be confined to a framework."

According to you, what are the advantages and potential constraints related to compliance with the CSRD?

On one hand, the CSRD is expected to accelerate the transformation of companies that have not yet committed to necessary social and environmental transitions. On the other hand, its comprehensive nature might give the impression that understanding developments is solely about strict comparison of audited data, potentially overshadowing pioneering ambitions.

However, imposed constraints do not necessarily foster innovation or sincere commitment, especially without considering innovation within sustainability criteria. CSRD risks emphasizing regulatory compliance at the expense of strategic analysis, despite its dedicated chapter. While it may streamline data, critical information could get lost in the overall flow, failing to reflect a company's trajectory accurately. What truly matters is not just measures and indicators, but actual impact and mobilization.

Therefore, it's crucial to strike a balance between compliance and pioneering progress, continuing to innovate and explore new challenges beyond mere regulatory alignment. To shape tomorrow's world, the focus shouldn't be compliance but innovation and evolving business models in line with ESG criteria.

What is the status of your reflections on the compatibility of the company's business model with the concept of planetary boundaries?

Our core business has undergone radical evolution over the past twenty years. Our objective is twofold: to promote the electrification of all uses and drastically increase all forms of decarbonized electricity production, while using digital technologies—including AI—to enhance efficiency and sustainability across industry, networks, buildings, and homes. We assist our clients in their decarbonization efforts and strategies for regeneration. For example, as early as 2004, we created the "Schneider

Sustainability Impact," a tool that measures the company's impact and enables the setting and tracking of performance indicators. Our current business model has shifted from primarily selling electrical equipment and high/medium voltage gear to developing solutions that accelerate and facilitate necessary environmental transitions.

Your question implies that companies are just beginning to recognize the importance of planetary boundaries and the need to modify their business models. Schneider Electric has been aware of these issues for a long time and has responded by mobilizing its economic partners since 2004. Our business model has adapted to become a global leader in combating climate change. However, there is still a long road ahead.



Contributors

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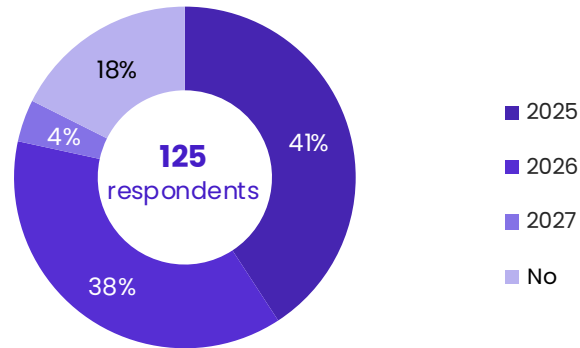
Board Member

Wavestone and C3D would also like to thank all **the respondents to the survey** on which this edition of the CSR Barometer is based.

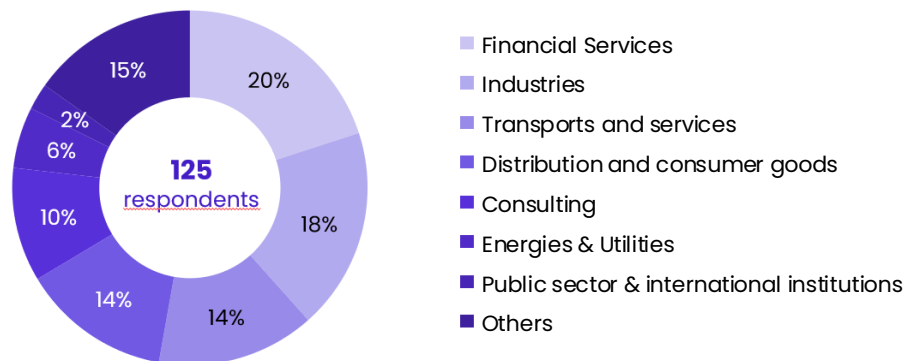


Methodology

Number of respondent companies, whether subject to CSRD or not



Business sectors of the respondent companies



This study is based on responses from **125** representatives of CSR (Corporate Social Responsibility) function working within **French organizations**, collected during March and April 2024.

The objective of the **questionnaire** submitted to them was to assess the **evolution of governance, processes, and roles** within the context of **sustainable transformation**, highlighting their maturity level in response to the **new European sustainability reporting framework (Corporate Sustainability Reporting Directive, CSRD)** as well as the challenges encountered.

Among the respondents, 39% hold positions as **CSR Directors** at Group level or within a Business Unit (BU)/subsidiary, while 26% are **CSR Managers** at Group level or within a BU/subsidiary. The remaining respondents include CSR officers or CSR project managers.

In parallel with this approach, **6 qualitative interviews** were conducted with CSR Directors to further explore the issues and perspectives related to the sustainable transformation of organizations.

6 companies interviewed in qualitative interviews:



Our CSR experts



Cédric BAECHE
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WAVESTONE

