

# Turning Sustainability into a Competitive Advantage

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**Barbara Mendes-Jorge:** Welcome to C-Suite Perspectives, a signature series by The Conference Board (TCB). My name is Barbara Mendes-Jorge. I'm a sustainability communications expert based in Brussels, Belgium, and the guest host of today's episode.

In this episode we'll be discussing sustainability developments from the last year. What insights have we gained from The Conference Board Members that are shaping the global perception of sustainability?

Joining me to discuss this topic is Manali Paranjpe, Program Director of the Governance & Sustainability Center at The Conference Board Europe. Welcome, Manali. I'm looking forward to talking to you about the latest sustainability trends and the discussions you've been having with the TCB community.

**Manali Paranjpe:** Hi Barbara. Good morning and thank you for having me here.

**Barbara Mendes-Jorge:** Thanks for being here, Manali. To start, could I ask you to quickly introduce yourself to any of our listeners who may not know you?

**Manali Paranjpe:** Sure. My name is Manali Paranjpe. I'm program director at The Conference Board Europe at the Governance & Sustainability Center, and I've been with The Conference Board for 10 years now. I focus on research and programming at The Conference Board, so that really means that I write briefings for our C-Suite audience. I'm a lawyer by qualification; I specialize in EU law and policy briefings for Members in our sustainability space.

Additionally, I also run our programs collectively with a fascinating team of colleagues that I have here. Together, we host quarterly regulatory briefings. I run a few working groups

for our Members and our programs really provide that safe space for discussions. Over the years, I've focused on discussing practical challenges and sustainability practice and coming up with solutions with and for our Members.

**Barbara Mendes-Jorge:** Very good. And as an expert in EU law, I'm sure you're very busy at the moment.

**Manali Paranjpe:** I am.

**Barbara Mendes-Jorge:** Indeed. So many changes.

**Manali Paranjpe:** Absolutely.

**Barbara Mendes-Jorge:** As we're on C-Suite Perspectives and you mentioned the fact that you write briefings for a C-Suite audience, can I start by asking you to outline current C-Suite global priorities? What are the main discussions you're having with members at the moment?

**Manali Paranjpe:** That's a great question to start off with, Barbara. Before I go on to answer that, let me just set the stage with a broad EU overview. Currently and very unfortunately, wars, energy crises, and supply chain issues are top priority for everyone, be it the C-Suite or the common man.

However—and that's the good part now—the forward-looking part is that at the EU level and at the C-Suite level in Europe, sustainability has not been left out of the conversation. It's still very much on agenda. Usually the slight error that people may make is to think of the whole concept of sustainability as only environmental in nature.

It's not only that. It's also an equal measure how to build a successful business for perpetuity. Something that people would want to look forward to as being a part of in terms of your workforce or in terms of being contacting partners. Something that goes beyond merely producing goods or rendering services, something that's useful to the world, something that's well governed and ethical.

That way sustainability is very broad and far reaching. Even though currently geopolitics dominates both conversations and C-Suite discussions, sustainability conversations do run in the background. The general perception is that yes, probably there'll be a reset of the global order but our Members will still have to continue doing business. That's what thought leadership is all about, to understand what is the priority for Members and how to guide them ahead.

Our members themselves are leaders in terms of guiding their peers. I'll give you a few examples. Every year we do our global C-Suite Outlook exercise. We survey C-Suite executives across the globe and the questions range from governance to risk management to supply chain principles and, this time specifically, geopolitical and societal shifts. If you're interested, you can see these reports on our website.

I will tell you about three interesting findings from our report. We asked three important questions: one on the interplay between geopolitics and sustainability, one on supply chains, and one on everybody's favorite topic—AI. In Europe, what we found is that CEOs in Europe put environmental efficiency and resource use at the heart of their sustainability agenda for 2026. Believe it or not, 86% European CEOs indicated that sustainability was a core business issue, not a peripheral concern. That speaks volumes about the sustainability practice currently.

Looking at supply chain disruptions, we had 96% of European CEOs saying that they will make changes to their supply chains in 2026. But the most important part for us here to know is that they're not equating resilience with reshoring. They're not looking at making fundamental shifts to their supply chains. They're just re-engineering their exposure. The bottom line really is that they stay connected with their current supply chains but on more robust terms.

Coming to AI, nearly half of European CEOs, about 48%, said that they plan to invest very heavily in AI in 2026. They see AI both as a productivity lever and a very important technological threat that comes to them externally. Our conversations with European CEOs led us to believe that the move is more focusing on the foundations so that AI adoption is safe and consistent. And I'm sure eventually we are going to talk about EU AI law in this episode. So I'll expand on this further when we get there.

The bottom line of all of this is that yes, businesses are going through a lot in the EU right now. Sustainability still is critical but the focus really has shifted on how to build it into strategy.

**Barbara Mendes-Jorge:** Yeah, 86% of CEOs saying that sustainability is core to their businesses is reassuring. It doesn't surprise me because, as discussed on the previous episode with Radhika Ralhan, just because in some quarters it might seem that it's not as much as a priority, it is essential. Companies are not going to change their way of doing things if they're already on a certain trajectory to include it. So true. Nice to hear that.

**Manali Paranjpe:** True. But Barbara, I will say that there is a little bit of uncertainty that remains. Sustainability leaders need to communicate a bit more clearly and address concerns so that they build that sort of organizational confidence that we really want. That's keeping the C-Suite busy.

**Barbara Mendes-Jorge:** Absolutely. You touched upon this a little bit in your introduction but how do you see current and evolving geopolitical events shaping these realities?

**Manali Paranjpe:** Building on what I said, leading through this uncertainty has become the main item on the to-do list for the C-Suite and for that matter boards as well. We recently concluded a very interesting part one of our board readiness program for Members and there we really unpacked geopolitics, geoeconomics, board readiness. And our main question was how can boards provide effective oversight and strategic guidance through this uncertain global environment?

What we learned and what we discussed with our Members were three things. One being that geopolitics and geoeconomic disruption has really moved from being an external and peripheral issue to a core board concern. Many boards and management still operate through structures that are really designed for a more stable environment. Simple things like meetings, information, memos, even hierarchies of who takes emergency decisions, how and when. That has got to change. Quarterly meetings and annual strategy reviews, annual risk updates, they're sometimes that's a little too slow for an environment in which assumptions can change really rapidly. Boards need to adapt a bit more.

The second thing we found is that the challenge is no longer information. We all have information overload. We wake up to the news on our phones. We see it throughout the day. The real differentiator here is not really whether boards know enough but how they can convert that information into timely and sound decisions. This is where the chair's role becomes really important. Boards need a more effective working relationship with management.

Lastly, we discussed a very interesting point on scenario planning. Instead of running it as an isolated risk exercise, companies should be better informed and try and run their strategies through different scenarios. That would help them identify what developments would materially knock the business off its course.

**Barbara Mendes-Jorge:** Very interesting. Going to the EU specifically, would you say that the way that EU has evolved over the last few years affected the priorities that we've seen before?

**Manali Paranjpe:** Absolutely. This reminds me of being on the podcast two years ago with you and we spoke about a lot of the new sustainability initiatives. Since then, a lot has changed at the EU level. Let's first make sense of what has happened. It's not that the EU lost focus on sustainability and energy efficiency but there is a greater understanding on how to balance competitiveness, costs, and planetary impact.

Since the Draghi report and the multiple omnibus that followed, the path for companies is a lot clearer. Uncertainty, yes, in terms of geopolitics and external risks, but within the EU in terms of sustainability law and practice, a lot is now clearer. The clear message is that sustainability is not dead. It's here to stay.

What is more clear is the way that companies can map this going ahead. There is an emphasis on not losing sight of their core business and purpose. It's more of a tightly packed law and policy, if I may say so. We have the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) now in place, so we need to watch out for how it translates into national law.

For those who it doesn't apply to, there are voluntary standards and there's packaging law, there's batteries due diligence, there's chemicals and clean energy. All of these things are still very much on the EU agenda but we have a more clearer roadmap for companies

ahead.

**Barbara Mendes-Jorge:** Thank you, Manali. We've been talking about this kind of shift in perception and in my own network, I've been discussing with people about how I see sustainability increasingly being reframed as a future-proofing business strategy, as a way to build resilience. I saw that one of the TCB quotes is that resilience must be a growth strategy, not a defensive stance. I agree with this and I'd love you to expand on what that means for you a little bit more.

**Manali Paranjpe:** We've often said to our Members that challenges must motivate you to innovate and not give excuses. We see a lot of this through our working groups are deep-dive exchanges. As I was talking about the CSRD, what some of our Members did was that they looked at a few very helpful AI tools to help with data. One of our Member companies made a handout list of key sustainability terms to give to new employees who are joining.

That was a creative exercise but at the same time it helped everybody be on the same page. Even the junior-most employee or even the newest person would be aware of what the company was doing and where it's headed. These have been very helpful interactions because this is where Members have told each other their own best practices. Some of them have also restructured their sustainability teams so it's no longer parceled out to internal audit or risk. We know a few companies who've made with us checklists for the Packaging and Packaging Waste Regulation (PPWR), that's the packaging law that's coming up. That really puts into perspective things that you need to do for the law but you're also being a little creative about it and you're making your own life easier.

**Barbara Mendes-Jorge:** To wrap up the first part of this interview, are there differences in the conversations you're having with executives versus non-executives on sustainability? Have you seen priorities for management shift? You've covered that a little bit but is there anything else you'd like to add? And could you share one key insight you've learned in conversations with members this year?

**Manali Paranjpe:** Absolutely. Let's break that into two parts. Part one I will answer on what the difference in conversations has been and then I'll finish it up with the key insight. Yes, I've seen a very clear difference. For EU executives especially, there's a sharp increase in expectations in terms of competitiveness. Now they balance costs and compliance. Strictly speaking, Omnibus 1 and the ones that revise the CSRD and CSDDD and push compliance timelines ahead, those have come as a big relief. It's less compliance, easier timelines, they can actually focus on business.

They also now, unfortunately, have the added task of surviving through the current geopolitical crisis. Plus the EU has a deeper emphasis on energy security internally and goods that are made in Europe. Executives, the C-Suite have a lot on immediate agenda. Currently non-executives are the ones who push more on sustainability internally but then the challenge for them is that these conversations are harder since many times the competitiveness agenda is what pushes ahead. Nevertheless, several non-executives still

remind organizations about purpose so that the sustainability conversations are kept going.

One insight that I would like to highlight is that a senior executive once told the group in a meeting very simply, if something is the right thing to do, You've got to do it, and you've got to do it right. No legal jargon here. No heavy words, no difficult language to understand. It's a simple philosophy and it shapes every aspect of human life, and we often tend to forget it.

**Barbara Mendes-Jorge:** Very interesting. I'm hoping to interview someone for the upcoming circular economy episode that has a very clear policy on how much do you pay for the most sustainable option because this is the problem, right? This is the trade off that many executives have. What if the more sustainable option is more expensive?

And I think that's also a really interesting way to see it. It's not a binary of the sustainable one is most expensive, so it's not worth it. But is there a middle ground, for example? And can we choose X percent of a more renewable material than we can expand? Yeah. I really like that as a starting philosophy.

**Manali Paranjpe:** That's exactly what we discussed in one of our working groups on comply or explain. That's what ultimately the session was whether you need to focus on the principle or do you focus on just a checklist type of compliance? Do you want to do it just for the sake of doing it or is it the principle that you're adhering to?

**Barbara Mendes-Jorge:** Absolutely. Let's hope for the principle. We are going to take a short break now. Thank you, Manali. We'll be back with more insights from you.

Welcome back to C-Suite Perspectives. I'm your host, Barbara Mendes-Jorge, a sustainability communications expert based in Brussels, Belgium. I'm joined today by Manali Paranjpe, Program Director of the Governance & Sustainability Center at The Conference Board Europe.

Manali, we discussed global sustainability priorities and seeing resilience as an organizing principle and growth strategy. To kick off the second part of this interview, I'd like to talk to you about EU legislative updates and governance issues. What do you think are the most important EU legislative updates coming up that our listeners need to know about? And which updates are your Members most concerned about?

**Manali Paranjpe:** Thank you, Barbara, once again, very important question and thank you for saying most important because there are many important EU legislative updates and we are on top of all of them. I'd recommend our regulatory briefing that's coming up on the 5th of June for Members. And going to outline everything you need to know on the EU sustainability space.

If I were to talk about the top five regulations that need to be on top of, I would talk about the CSRD, the Corporate Sustainability Reporting Directive; the CSDDD, the Corporate

Sustainability Due Diligence Directive; the PPWR, the Packaging and Packaging Waste Regulation. Then of course the EU AI Act and lastly, I will talk about deforestation regulation.

The CSRD and the CSDDD are now official EU law. Member states at the EU level have a few moments to transpose this national legislation. member states can sometimes add to a few provisions so companies should not only look at the text of the CSRD and the CSDDD at the EU level but they should also keep track of transposition at the member state level.

The CSRD talks about preparing a sustainability statement and disclosures are on a double materiality basis. Factors that are material to the company from outside, which is often what we call financial materiality, and also where company itself has a material impact on the outside world, something that we call impact materiality. Both evaluations go into these disclosures. Because it's EU level law now, it's not a good to have-- it's a mandate. It brings transparency to sustainability disclosures and gives stakeholders a full and clear picture. So that's one space that companies need to watch for.

The due diligence directive mandates that large companies identify and address adverse human rights and environmental impacts. This is not only through their own operations but it's also down global value chains. The most critical part of the CSRD and the CSDDD is that there is a reduction in terms of which companies these directives apply to. Companies should reevaluate themselves to start with as to where they fall in terms of wave one, wave two, or wave three for the CSRD and when is it that they need to put their due diligence in place. Both these sets of regulations apply to companies that are outside of the EU and I'll come to that later.

Now the focus for companies in the EU should be understanding where they are in the CSRD and CSDDD ecosystem and to put in place what they need to do because the double materiality assessment (DMA), as I understand from our Member companies, can take about a year's time. So even if your reporting timelines are delayed, your DMA should be done on time. We always pitch for the first movers advantage here.

Then in terms of the PPWR, the central idea is that all packaging placed on the EU market must be designed for recycling by 2030. The PPWR has some compliances that start right from August 12th this year. These are in terms of your information on packaging, where your packaging is coming from, how are you going to put it into the EU in terms of compliances, in terms of safeguards, in terms of recycling. That's again, an interesting regulation to watch out for.

**Barbara Mendes-Jorge:** Very good. And so are your Members most concerned about all of these? All of the above, would you say?

**Manali Paranjpe:** These are just three. There are two more. AI is currently being discussed so widely and there are so many issues. There are so many difficulties, there's so many challenges. There's so many ethical questions.

**Barbara Mendes-Jorge:** Sustainability questions as well.

**Manali Paranjpe:** Absolutely. Spot on, Barbara. That's where the EU AI Act comes into play. Now, there is certainly a move to possibly push ahead timelines for compliance but nonetheless, it's important for companies to know now because these are strategies to be built in now for the future. The AI act actually looks at AI systems or any general purpose AI models that are placed on the EU market. It's not so much as to where you are or where your corporate structure lies but the fact that if you're going to put a system that's AI driven on the EU market, then yes, you need to take a look at this law. Some obligations are there for providers who are developers of these AI systems, as well as deployers of AI systems. It's a large piece of regulation that frankly, Barbara, even we are struggling to understand but we'll be on top of it very soon.

We are developing not one but three papers to analyze this. We have a publication from our EU team members, we have a publication from our US team members, also one from China. I highly recommend to all our Members who are listening to this right now to go and check out so that we have a full global understanding of how AI law works.

For Europe specifically, this is more of a risk-based approach that the EU AI Act follows. AI models are divided into high risk, medium risk, and low risk. It's a lot of compliance but a lot of streamlining of those compliances, too.

And lastly, Barbara, the ever discussed EU Deforestation Regulation (EUDR) is also an important piece of regulation and it's now expected to apply to large companies by the end of this year and to small and micro enterprises by June of 2027. That's something that looks at products including soy, beef, palm oil, wood, rubber, cocoa, and coffee, and to make sure that these are deforestation free and they're legally produced and traceable to really where they come from. That's an extensive regulation in the sustainability space. So that's again, something that members need to take notice of.

**Barbara Mendes-Jorge:** Thank you. That was a really good overview of those five main legislative issues coming up. You touched upon the fact that things looked slightly differently from companies that are outside of the EU but operate in the EU. What should they be looking out for specifically?

**Manali Paranjpe:** That's again, a very important question. We deal with a lot of multinationals, companies that are not really headquartered in the EU but they have a significant presence in the EU. Now some of the EU sustainability regulation applies to companies outside of the EU but those who have a significant market presence in the EU. So the CSRD and the CSDDD, your sustainability reporting and due diligence. Both have provisions for companies to be in scope, even if they are not located in the EU. But of course, they now have two years from now to sort their compliance. Nonetheless, that's something that should be on the radar for companies that are outside of the EU.

In terms of the AI Act, it's broader, like I said, because it looks from the point of view of

the AI model being put into place and not so much of where your corporate structure lies. Similarly for the EUDR, it's more about the actual granular impact of your operations. In terms of the PPWR, it applies to various non-EU actors in terms of providers and supply chain partners. So that's something that companies definitely have to evaluate. Like I said earlier, we made a very interesting compliance checklist for one of our Members that really puts into place what you need to do now and what you need to do in the years that follow.

**Barbara Mendes-Jorge:** Compliance checklist sounds very helpful. I'm sure. If people would be interested in that checklist, could they get in touch with you, Manali?

**Manali Paranjpe:** Absolutely. Barbara. I'll be very happy to help.

**Barbara Mendes-Jorge:** Fantastic. Continuing on a governance theme, how have you seen the role of CSOs, chief sustainability officers; CSIOs, chief sustainability impact officers; and CHROs, chief human resources officers develop and evolve over the years? Have they magnified or decreased in importance? I think I told you the reason I wanted to ask this question was because I read, I think it was a PWC analysis, that more CSOs were appointed in 2021 than the previous five years combined. With the shift that we mentioned in part one, how do you see the positions being impacted?

**Manali Paranjpe:** Thank you for the stats, Barbara. That's quite a thing to note and yes, that's something we've noted too. The role of CSOs and CSIOs has really magnified over the past few years. We are opening up a new council for CSIOs and that's something that we start in June and we hope to discuss a lot of challenges that they go through. The role becomes very important because now CSOs and CSIOs and even CHROs are being really tasked with protecting the social agenda while the policy shifts towards competitiveness and simplification.

**Barbara Mendes-Jorge:** Yeah. And still focused on environment as well.

**Manali Paranjpe:** Absolutely. Barbara. While you balance environmental interest, on one hand, there is an equal emphasis on workforce fairness and inclusion. And that sometimes is difficult to pull through because as a company, different jurisdictions have a different way of looking at inclusion. So how do you manage your workforce? How do you manage a large number of people and rising expectations and how do you really upskill them? How do you really have the social impact agenda and make sure that the business actually values that?

**Barbara Mendes-Jorge:** Great. Thank you, Manali. We're coming up to the end of our conversation. Could I ask you to provide any case studies or any sustainability-related resources that are produced by TCB or TCB Members that you'd recommend to our listeners for further reading or listening?

**Manali Paranjpe:** Sure. There's lots, Barbara. I would suggest that people who are interested in the sustainability space take a look at our website. We have a separate page

for our governance and sustainability practice, and that's a practice that runs globally. You'll see a US page, an EU page, as well as a China Center and Asia page for it. We give a full global analysis of where we are right now. Tune into our second session on board readiness. It's upcoming in May and this time we discuss AI and board readiness and I'm sure discussions are going to be very helpful.

A lot of our Member-led best practices come through working with our Members in deep-dive exchanges and our briefings for them. Our new publications on AI in terms of the US, EU, and China policies are going to be out soon. I think one of them is out already. Other than core TCB content, I would say keep track of international standards on reporting and how they are interoperable with EU laws.

Also keep track of emerging economies and how they look at sustainability law and policy. While doing all of this, don't lose your focus, your purpose, your ethics. I'd like to conclude with that.

**Barbara Mendes-Jorge:** A lovely way to finish, Manali. Thank you very much for joining me today and thanks to everyone for listening to C-Suite Perspectives.

I'm Barbara Mendes-Jorge and this series has been brought to you by The Conference Board.

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