

WHITEPAPER

After the Omnibus: why the business case is the only ESG that lasts

Christian Honoré & Christian Boserup

Founding partners, Priced Advisory

For nearly three decades, sustainability advanced on someone else's mandate. That era is over. What survives is the ESG that can compete for capital on its own merits.

When regulation stops compelling action, the only sustainability work that keeps its budget is the work that creates or protects financial value. After the EU Omnibus that is no longer a provocation – it is the operating reality. The durable ESG agenda is the one written as a business case: in profit and loss, in risk, in cost of capital and valuation. Everything else is exposed.

That is an uncomfortable sentence for a field that grew up on a different promise, so it is worth tracing how we got here.

ESG advanced on someone else's mandate - first reputation, then regulation

ESG began as virtue signalling. It was a values-and-reputation story, told to stakeholders and measured in goodwill: the right thing to say, increasingly the right thing to be seen doing. Then CSRD and the wider disclosure regime turned that story into a board-level obligation. Budgets grew, roles were created, and committees met – because the rules said they must.

For nearly three decades, in other words, sustainability advanced on a mandate it did not have to earn. First reputation supplied the reason to act; then regulation did. At no point was the work forced to stand on its own financial merit, because something external was always there to compel it. That was a comfortable position. It was also a fragile one, and the fragility has now been exposed.

The Omnibus removed the compulsion - and the climate that replaced it is harder

The EU Omnibus eased the regulatory pressure that had been doing the compelling. Compliance has not disappeared; its centre of gravity has moved – out of the reporting function and into the business itself, where it shows up as customer requirements, financing conditions and product-level expectations rather than as another disclosure to file. But the external force that once justified ESG spending on its own has weakened.

It has weakened, moreover, into a far less forgiving environment. Capital is more selective than it has been in a decade: the cost of capital is higher, volatility is higher, geopolitical instability is real, and artificial intelligence is absorbing the strategic oxygen in every leadership team – the attention, the capital and the board agenda. In that climate, a budget line that cannot explain its return does not survive contact with the next planning cycle.

So the question every leadership team now faces is simple and sharp: when regulation no longer compels action, what sustainability work still deserves capital and management attention?

The answer is the one stated at the top. The work that lasts is the work that competes for capital on its merits – expressed in the language the organisation already uses to decide.

Where ESG is financially material, it arrives through specific channels

Sustainability does not become financially material in the abstract. It arrives through a small number of channels, each of which lands somewhere a finance team already watches: growth, cash flow, or risk. We group them as the ESG Five Forces™ – customer pull, capital pressure, talent expectations, operational resilience, and licence to operate – the five routes through which sustainability reaches the profit and loss.

The pattern is consistent across them. On growth, ESG criteria are increasingly written into customer and public procurement – at first a ticket-to-play, then a scored differentiator as their weight rises – so the near-term logic is revenue protection, and the binding capability is concrete, comparable evidence rather than policy statements. On cost of capital, the live channel runs through lending: banks and credit markets increasingly price climate and transition risk into the cost of debt, and the advantage goes to the company that arrives at refinancing with a credible, costed transition plan before the lender builds its own view of the risk. On cash flow, a large share of early emissions reduction tends to come from lower-cost levers before any capital-intensive programme, so the cash-flow case is often stronger than assumed – provided the commitments are backed by allocated capital, not just stated targets.

None of this requires believing anything about values. It requires only that the channels be named, and the exposure on each one quantified. That is the difference between a sustainability narrative and a sustainability strategy.

In a volatile market, the binding constraint is judgement, not data

The instinct of the last decade was to answer every ESG question with more measurement. The disclosure regime industrialised that instinct: collect, report, repeat. But reporting quality is not decision quality. Data explains what is happening; it does not say what to do. Value is created only at the point where the data changes a priority, a choice or a behaviour – and that point is reached by judgement, not by another dashboard.

This is why the ESG role itself is shifting – from reporting coordinator and data collector toward decision supporter, prioritisation partner and business-case builder, the interface between sustainability, finance and operations. In a volatile market, the scarce capability is not the ability to produce more information. It is the ability to turn information into a defensible decision: to say which two or three priorities actually move the business, and to prove it in numbers a board can underwrite.

That capability is the business case. It is the form in which sustainability stops being a cost to defend and becomes a claim on capital like any other.

The implication

For a CFO, this is simply ESG taking its place alongside everything else on the desk – judged on its effect on earnings, on material risk, and on competitive position. For a sustainability lead, it is the route to finally being heard: the case framed in the language the business decides in, rather than the language it merely complies with.

The conclusion holds either way. When the external mandates fall away – first reputation, then regulation – the business case is the relevance that endures. Building it well is a discipline, and there is a method behind it. That is the ground we work on.

Business conditions. Priced into decisions.

Christian Honoré · honore@pricedadvisory.com

Christian Boserup · boserup@pricedadvisory.com

Start a conversation → pricedadvisory.com/#contact