Move over compliance, we are here to compete.

Sustainability V2.0: No dogma. No guilt. Just business traction.

An ignea e-paper written (10 minutes read)

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Content

About ignea

ignea *is a boutique advisory firm that helps leaders embed sustainability into core strategy, innovation, and culture. We work with executive teams navigating complex change, turning ESG pressure and bold ambition into practical progress and into long-term value.*
We do not do checklists or greenwashing.
We help companies rethink what they offer, and why it matters.

Based in Switzerland, we work globally, across industries, cultures, and complexity.

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The big idea in a rush

Many companies treat sustainability as a **compliance chore**: managing risks, appeasing regulators, polishing reports. And that **misses an opportunity.**

Customers are already paying, directly or indirectly, for sustainability efforts. **If customers carry the cost, they should get some benefit** through better products, richer services, or more meaningful experiences.

If they do not see or feel incremental value, they should not pay more. They might even walk.

But could sustainability enhance benefits? Yes. If done rightly.

Rightly demands a shift: rethink what "benefit" really means and redesign attractive offers that use sustainability to add value to what customers care about. That might be different than what companies hope they care about.

This is about embedding sustainability into the engine of business where it drives relevance, deepens loyalty, and fuels growth.

We explore the very shift from Sustainability V1.0, compliance-led and cost-centric, to V2.0, customer-centric and value creating.

We draw on real-world examples to highlight both the pitfalls and the potential.

Companies that embrace this shift do not just comply. They might outpace those who do not.

Sustainability V 1.0: compliance and value trap

The first wave of corporate sustainability, V1.0, is driven by risk. It focuses on staying out of trouble, keeping regulators satisfied, and improving transparency.

It looks like this:

- Publishing carbon footprints and impact reports.
- Improving governance disclosures.
- Appointing sustainability officers.
- Adopting non-financial reporting standards.
- Responding to emerging regulations.

Companies absorb costs and create complexity when focused on risk management and compliance. They spend time and money to meet requirements. They file reports, adjust processes, and manage audits.

All necessary. Yet in V1.0, sustainability is an add-on, a box to tick, a report to file. It lives in a separate department, akin to accounting, and speaks a language different than business.

And V1.0 rarely touches the core of the customer offer. Thus, **it creates no new value to customers and shareholders. V1.0 is a value trap.** The customer experience does not change. The product and experience do not improve. The story does not resonate.

With no emotional connection, no product differentiation, no obvious reason to care, the customer surely will not pay more. Unless, she is a green customer, right?

Too often, companies assume sustainability means appealing to the "green consumer," the one who reads labels, cares deeply, and is willing to pay more for sustainable products.

It is a comforting idea. But it is a myth.

Surveys like PwC's *Voice of the Consumer*[1] and Harvard Business Review's *The Elusive Green Consumer*[2] consistently show a wide gap between what customers say and what they do. 74% of customers will not sacrifice core value, speed, quality, functionality, style, savings, just to feel virtuous. Especially when trade-offs get real.

That does not mean sustainability does not matter. It means sustainability alone does not influence most purchasing decisions.

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1 PwC (2024). Voice of the Consumer Survey.

2 Whitler, K. A., Krause, R., & Alton, L. (2019). *The Elusive Green Consumer*. Harvard Business Review, July–August 2019.

Fairphone offers a case in point. Founded in the Netherlands, it set out to redesign the smartphone, ethically and sustainably.

Its mission is bold:

- Source conflict-free minerals.
- Ensure fair labor across the supply chain.
- Build modular, repairable phones to extend product life.

The company earns admiration. It attracts purpose-driven customers and positive media attention. But market traction is limited because the product does not fully meet mainstream expectations as per the WIRED review of Sep 23:

"Viewed purely as a smartphone, the Fairphone 5 is mediocre, but there is nothing missing. (Support for 5G, Wi-Fi 6E, and Bluetooth are all present and correct.) If you want the absolute best bang for your buck, you can get the Google Pixel 7A or the Samsung Galaxy A54 5G for less. If you want something more powerful, the OnePlus 11 5G doesn't cost much more."[3]

The mission is noble, but the offer does not compete on the core value of what the bulk of smartphone users expect. As they do not experience a clear benefit, they push back or walk away.

Designing offers for the green minority is a limiting strategy. Good intentions do not scale on their own. **Sustainability must reinforce, not compete with, what customers already care about.**

3 Wired (2023). Fairphone 5 Review: A Repairable Phone With Few Compromises.

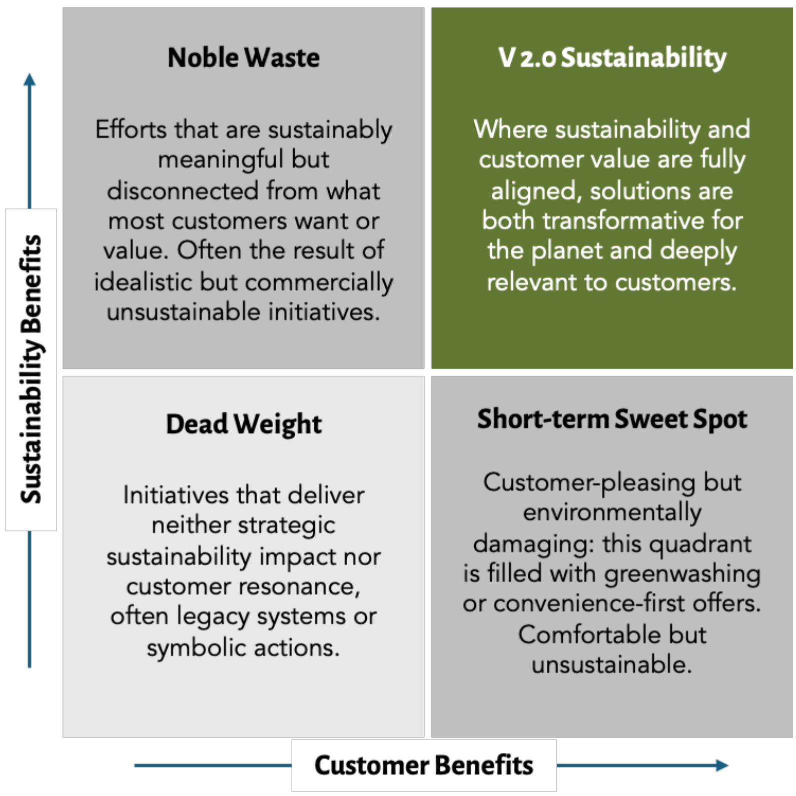
Sustainability V 2.0: customer centric and value creation

The real opportunity for most businesses lies in creating products and experiences that mainstream customers want to buy anyway, because they are better, smarter, or more desirable.

Sustainability should **be woven into what customers already care about: performance, trust, relevance, and value.**

When it is bolted on or tailored to niche audiences, even well-meaning efforts struggle to scale. Many market-oriented sustainability strategies fall short because they lack strategic traction or do not connect with real customer desire.

The matrix below captures this trade-off at play. It maps two critical dimensions: sustainability benefits and customer benefits. Most companies over-deliver on one and underdeliver on the other.



The real opportunity lies in the top right — where sustainability and customer value reinforce each other. That is the domain of Sustainability V2.0: embedded, not isolated. V2.0 is a source of durable advantage — driving innovation, loyalty, and long-term growth.

Where do your core offerings sit on this grid? *If they do not land top right, you are not in V2.0 territory yet.*

V2.0 companies design products, innovate experiences and create business models with a sustainability lens on.[4] Here are some examples.

Patagonia: Profitable activism powered by a repair-first, circular design ethos.
Patagonia is circularity and activism. It designs for repair, not replacement. Programs like Worn Wear extend product life and deepen emotional loyalty.[5]

IKEA: Democratising circular living through resale, repair, and rental at mass-market scale.
IKEA is where affordability meets sustainability. It now integrates resale, repair, and take-back into its core offer. It designs for disassembly, offers spare parts, and encourages product life extension. IKEA is rethinking ownership, with rentals, buyback, and repair now part of the brand experience.[6]

Ørsted: A bold pivot from fossil fuels to global dominance in offshore wind infrastructure.
Ørsted moved from fossil fuels to become a global leader in offshore wind, building and running large-scale renewable infrastructure.[7]

Philip Morris International (PMI): A multi-billion-dollar shift from combustible cigarettes to smoke-free innovation.
PMI is not a traditional sustainability hero, and that is why it is worth watching.[8]
Once synonymous with Marlboro, PMI has undertaken one of the most radical product transformations in recent corporate history: shifting from cigarettes to smoke-free alternatives like IQOS, which now account for over 40% of total revenues.[9]
This is not greenwashing. It is a survival and commercial pivot, backed by billions in R&D, restructuring, and new capabilities. Critics rightly question the ethics of any tobacco-linked transformation. But the relevance here is this:

If a company like PMI, with massive regulatory baggage and public scrutiny, can rewire its business model toward lower-harm alternatives and adjacent health innovation, who cannot? PMI shows how even legacy giants can redirect cash flow, rethink purpose, and build new engines of growth.

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4 Dalsace, F., & Challagalla, G. (2024). *How to Market Sustainable Products.* Harvard Business Review, March–April 2024.

5 Patagonia (various years). Environmental and Social Responsibility Updates.

6 IKEA (2022). People & Planet Positive Report.

7 Ørsted (2022). Sustainability Report.

8 Full disclosure: the author previously worked at PMI, with no current affiliation or financial interest.

9 PMI (2025). Q1 2025 Earnings Release.

Moving from compliance to embedded value is not a switch. It is a journey, and most companies are somewhere in the middle.

Consider **On Holding AG**, the Swiss sportswear brand[10].

On has made bold moves:

- It developed *CleanCloud™*, turning carbon emissions into shoe soles.
- It publishes detailed sustainability disclosures and impact reports.
- It launched a platform for trading in and buying refurbished products.
- It enlisted icons like Roger Federer and Zendaya to amplify its mission.

These are real signals of intent, not just cosmetics. Operational progress is also visible: On has reduced emissions across its retail footprint, showing it can act, not just talk.

On has momentum but challenges remain:

- **Materials innovation** is promising, but still early-stage. Most of the product line still relies on conventional inputs.
- **Circular models**, resale, repair, take-back, are in pilot mode, not yet scaled or fully integrated in the customer experience.
- **Customer journey integration** is incomplete. Sustainability shows up in brand storytelling, but not consistently in how people buy, use, or care for products.
- **Adjacent models** like subscription, durability-as-a-service, or take-back at scale are untapped[11].

V2.0 is a journey.

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10 On Holding AG. (2024, April 19). Report on Non-Financial Matters 2023.

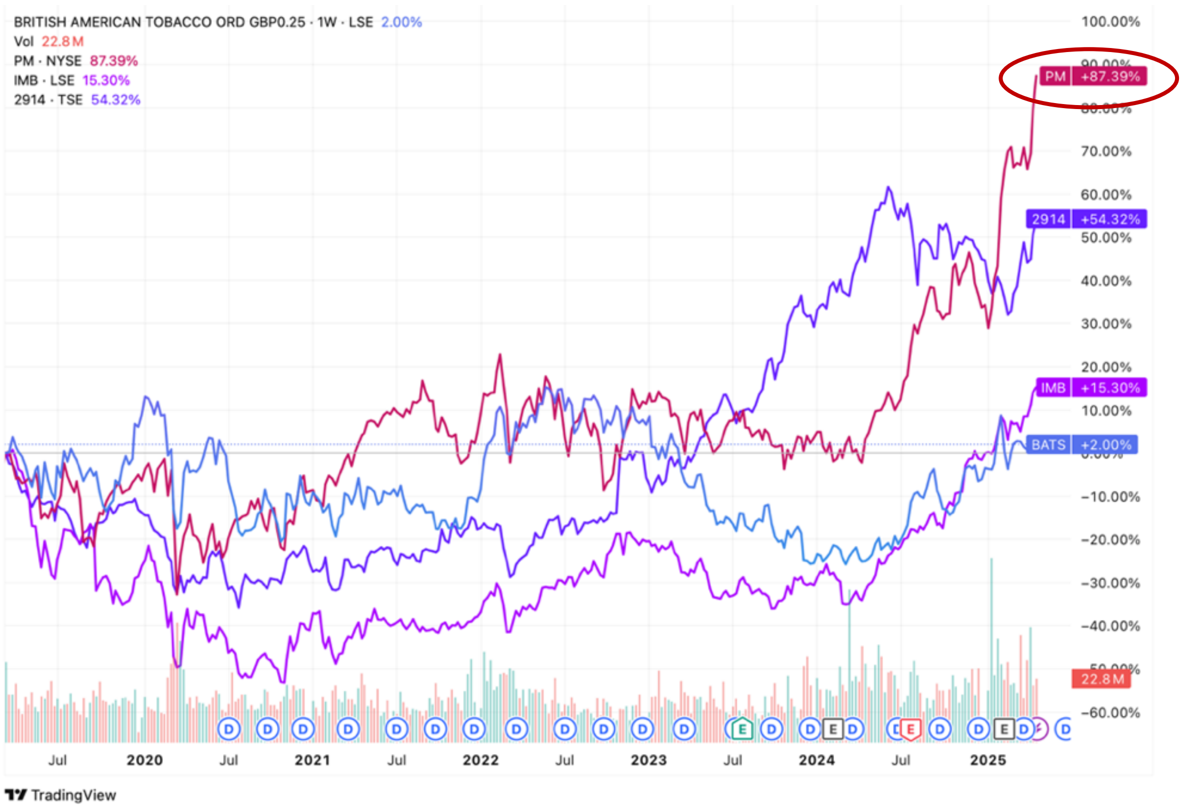
11 On Holding AG. (2024). On Impact Progress Report 2023.

Does V2.0 work?

The stock market is not a perfect measure of impact. It reflects belief as much as performance, and short-term volatility can obscure long-term value. But over time, it reveals patterns. It rewards clarity, delivery, and relevance.

The winners are not the ones who publish the most reports. They are the ones who convert ambition into advantage, faster than their rivals can react. PMI, On and Ørsted, three publicly traded companies mentioned above, show what that looks like in practice.

Compared to its peers, **PMI** has significantly outperformed, both in earnings and investor sentiment:

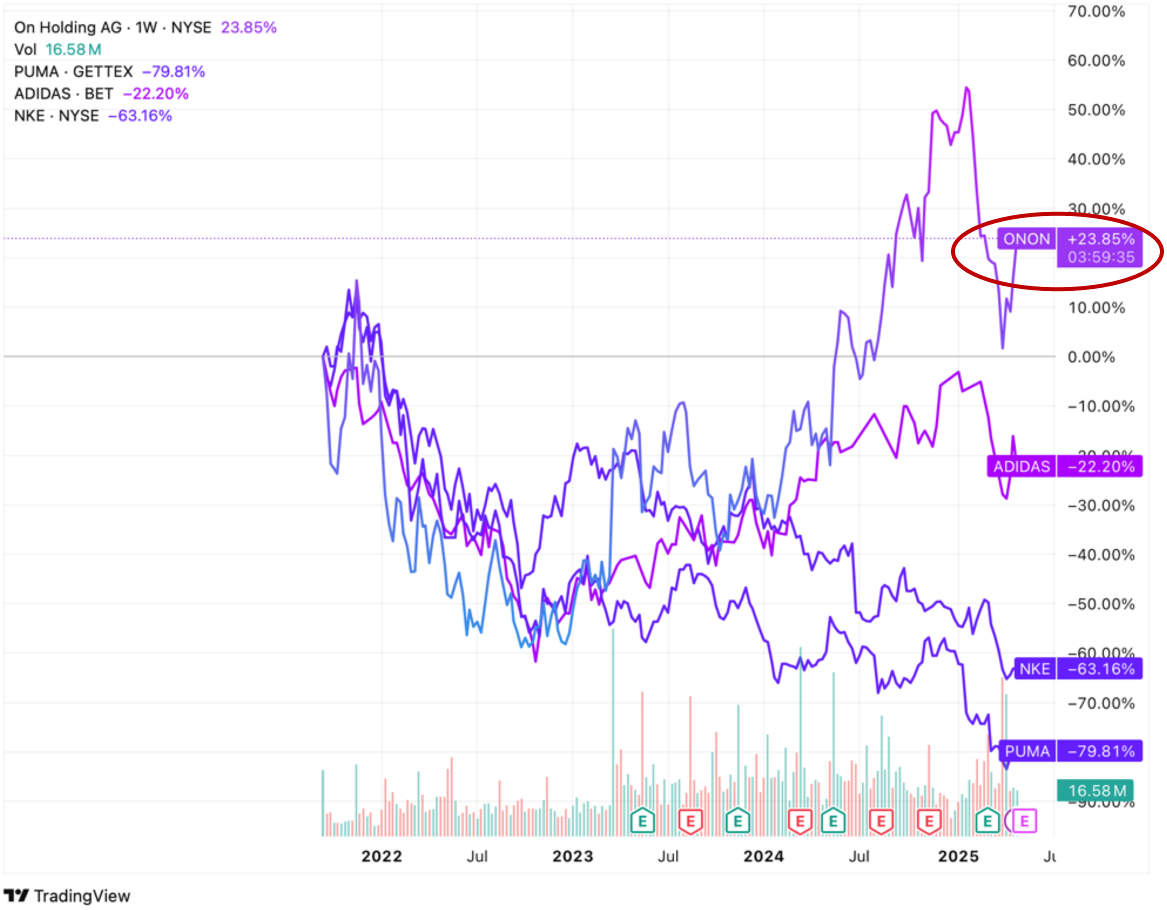


On is a different story, younger, lighter, and more consumer focused.

In April 2025, the broader apparel sector saw a sharp drop following new tariffs on Asian imports introduced by President Trump. On's stock dropped, but the decline reflected macro factors, not company failure.

Prior to the tariffs, On had outpaced many category peers, driven by brand strength, storytelling, and customer relevance

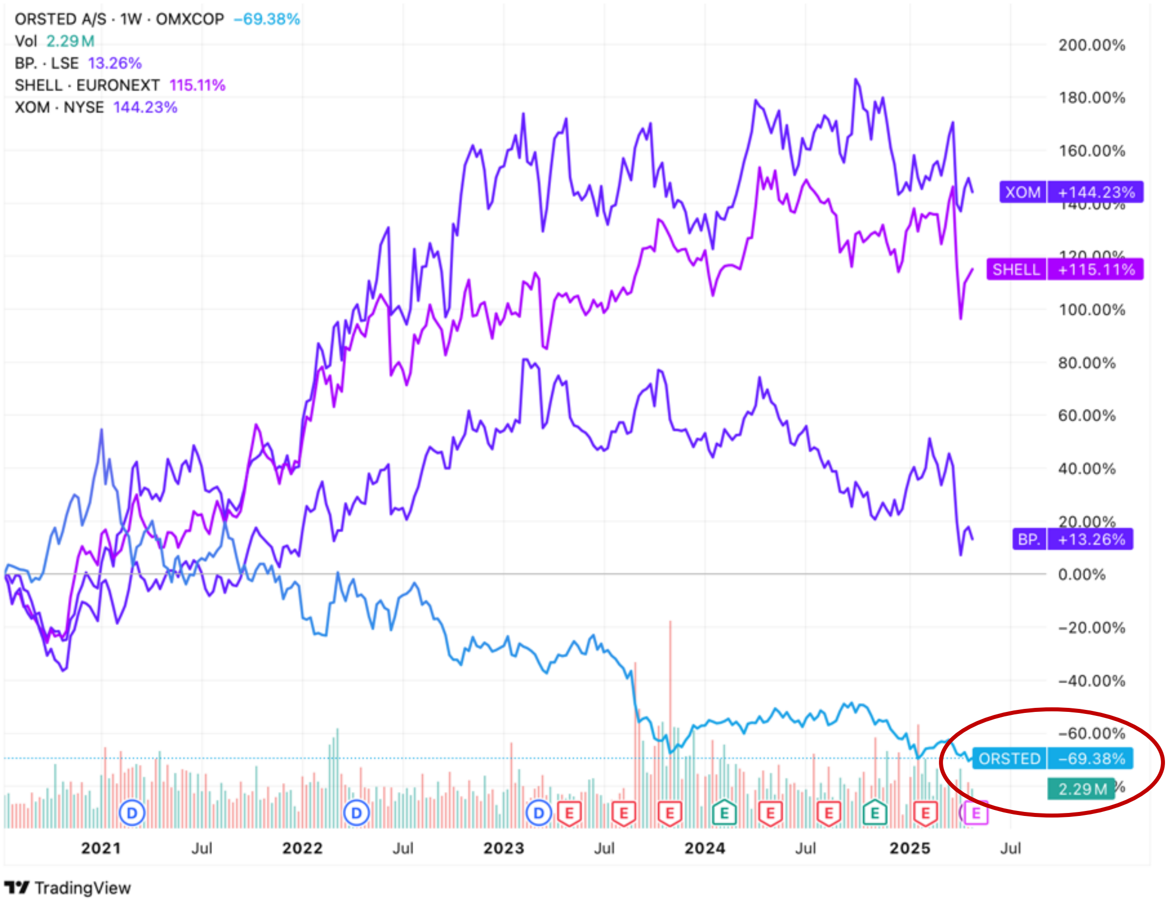
Its trajectory shows that sustainability, when aligned with experience and design, can build value, even if the journey is still underway.



Ørsted was once hailed as a poster child for fossil-free reinvention, transitioning from oil and gas to become a global leader in offshore wind. But by late 2024, it hit major headwinds.

Citing supply chain delays, rising interest rates, and regulatory uncertainty in the U.S., Ørsted canceled several major offshore wind projects, triggering over **$4 billion** in impairments. Its share price collapsed by 70% from its peak.

Ørsted's steep decline contrasts with fossil fuel giants like Exxon and Shell, highlighting that even pioneers in sustainability need strategic, operational, and financial resilience, especially in high-volatility sectors like offshore wind.



Strategy is as good as its execution.

How to make V2.0 happen

V2.0 works when leaders connect ambition with the enablers that make it stick. And excel in execution.

The shift to V2.0 demands choices, investments, and a distinct way of thinking about value. Here is what the V2.0 playbook looks like in practice.

Solve what customers care about – and design for it.

- Customers will not pay more for sustainability alone.
- They will pay for better performance, longer durability, greater pride, or smoother convenience.
- Use **customer-centric design** to build relevance and remove friction.

Make sustainability part of the offer, not the add-on

- Embed it in products, services, and customer journeys.
- It must **enhance experience**, not just reduce harm.
- Let digital tools and AI personalize value and enable new models like repair, reuse, or take-back.

Build resilience through culture, systems, and smarter tools

- Mindset shift starts at the top: sustainability is a growth driver, not a reporting burden.
- Systems thinking helps break silos and scale what works.
- AI supports this shift: it personalizes offerings, automates insight, and accelerates learning loops, but only if teams trust and use it.
- Build the skills, literacy, and culture to embed AI as an ally in sustainability, not an add-on.

Back belief with action, and stories that land

- Financial commitment matters – reinvest, reallocate, and stay the course.
- Storytelling creates internal energy and external credibility, across customers, investors, and employees.
- When ambition becomes belief, action follows.

Sustainability V2.0 does not ask for perfection. It asks for integration, across strategy, systems, people, and purpose. The companies that move first will not just respond to change. They will shape it.

In closing

Why let sustainability be a side project? It is a full-body redesign opportunity of how your company creates value — for customers, shareholders, and society.

The companies that move beyond compliance and bake sustainability V2.0 into product design, service delivery, models, and ownership models will open new pathways to growth.

Not because they had to.
But because they saw the future clearly and chose to move first.

The market will not wait. Sustainability is the next competitive frontier — and it is already being claimed.

Sustainability, done right, is not overhead. It is overdrive.

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ignea sherpa

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