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RESEARCH

Beyond Compliance
Measuring Net Positive Business for Value Creation

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Beyond Compliance

Measuring Net Positive Business for Value Creation

«The future of value creation needs to be based on a net positive business mindset, where companies contribute more to society, the environment, and the economy than they extract.»

Abstract

As the limitations of traditional ESG and CSR frameworks become increasingly evident, businesses are being called to transition from complience with regulation to regenerative value creation. This white paper argues that the future of value creation needs to be based on a net positive business mindset, where companies contribute more to society, the environment, and the economy than they extract. It traces the evolution of sustainability reporting and critiques current ESG metrics for their narrow scope, data inconsistencies, and lack of system-wide attribution. Building on emerging practices, such as science-based targets, impact benchmarking and adaptive measurement systems, the paper offers a roadmap for integrating regenerative economy principles into financial and strategic decision-making. It models a 3 stages pathway to inform companies' Net Positive transition: From a reactive, compliance-based approach, to a proactive systemic-actions framework that advances the common good. Emphasis is placed on the role of transparent benchmarking, stakeholder engagement, benchmarking and systems thinking to enable firms to align operations with planetary boundaries and social progress. This work prepared under the EDHEC Centre for Net Positive Business, contributes to debates on corporate purpose, sustainability accounting, and the future of value creation.

Keywords: Net positive business, ESG measurement, sustainability reporting, benchmarking, corporate strategy, value creation, planetary boundaries, stakeholder capitalism, regenerative business.

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Introduction
The Value Proposition of Net Positive

In today's shifting business landscape, being "less bad" is no longer good enough. The concept of being net positive, i.e. contributing more to society, the environment, and the economy than one extracts, signals a new frontier for corporate accountability. Unlike traditional CSR or ESG practices that emphasise compliance and harm reduction, the net positive paradigm challenges companies to create a regenerative impact. As "carbon positive" and "nature positive" enter mainstream discourse, and even water-positive ambitions are gaining attention (Dalton, 2013), expectations grow for companies to act not just as stewards, but as builders of global resilience (Savage, 2024; Polman, Winston, 2021), though critics warn the phrase can obscure trade-offs (Monteiro Silva, 2023).

Adopting a net positive strategy not only aligns with evolving stakeholder expectations; a growing body of research shows that ESG performance can directly enhance operational efficiency and financial resilience. According to Whelan et al. (2021), 58% of over 1,000 reviewed studies show a positive correlation between ESG factors and business performance. Friede, Busch, & Bassen, 2015 similarly found that firms with high ESG scores experienced lower capital costs and greater financial resilience, evidence reinforced by Giese et al. (2019). A 2019 Harvard Business Review study by Eccles & Klimenko (2019) also found that ESG-integrated firms outperformed peers by 23%.

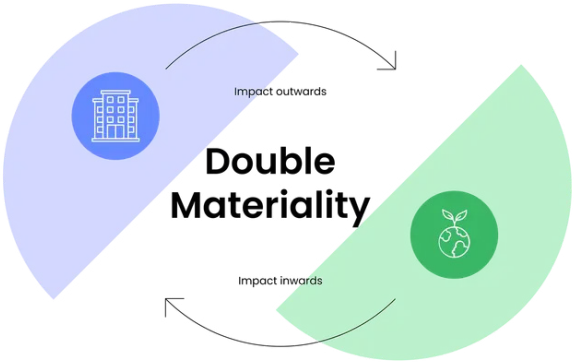
This white paper argues that the future of business value creation hinges on integrating credible measurement tools to shift from ESG compliance to net positive contribution. It traces the evolution of sustainability reporting, highlights gaps, and presents principles and tools for aligning sustainability metrics with financial and strategic decision-making. The goal is not just to future-proof business operations but to reorient them toward meaningful contributions to ecological stability and social cohesion.

Evolution of Corporate Sustainability Reporting

Corporate sustainability efforts initially focused on reducing negative impacts, primarily through compliance with environmental regulations and incremental improvements in resource efficiency. Over time, voluntary corporate social responsibility (CSR) initiatives led to the emergence of sustainability reporting, as companies began communicating their environmental and social impacts to stakeholders (Larrinaga and Bebbington, 2021).

In the 1990s, pioneering corporations began publishing CSR reports, marking the beginning of structured sustainability communication. The Global Reporting Initiative (GRI), established in 1997, became the first widely accepted sustainability reporting framework. The 2010s saw the introduction of globally recognised frameworks such as the Sustainability Accounting Standards Board (SASB), which standardised non-financial reporting. The European Union's Non-Financial Reporting Directive (NFRD) (2015) and its successor, the Corporate Sustainability Reporting Directive (CSRD) (2020), further solidified the transition toward mandatory disclosure. More recently, initiatives like the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) underscore the increasing emphasis on financial risk through climate change and nature loss (TCFD, 2023).

The scope of corporate responsibility has expanded alongside this evolution. From carbon reporting in the early 2000s to comprehensive climate risk assessments today, companies are now expected to address biodiversity, water use, and human rights in their disclosures (Carbon Trust, 2024). In 2023, KPMG concluded that 96% of the G250-the world's 250 largest companies by revenue-now report on sustainability, with a growing proportion embedding ESG disclosures into financial filings (KPMG, 2023). This shift also underscores the growing recognition of sustainability as a financial risk factor. A KPMG's 2022 survey found that 80% of the N100 companies acknowledge climate change as a financial risk, a concern echoed by global financial institutions such as the World Bank (2023). This convergence reflects the understanding that environmental and social risks, such as climate change, biodiversity loss, and inequality, pose material threats to business continuity and investment performance.



https://www.esgtool.eu/en/double-materiality

Understanding Double Materiality

The concept of double materiality has gained prominence as a means to capture both the impacts of environmental and social issues on the company (outside-in) and the company's impacts on society and the environment (inside-out). Originating in European regulatory thinking, notably within CSRD and promoted by EFRAG and GRI, this dual lens demands that companies consider both financial relevance and stakeholder significance in their disclosures.

Despite the progress in sustainability reporting, what corporate sustainability teams measure often reflects what they

“THE TRANSITION TO NET POSITIVE BUSINESS MODELS DEPENDS ON ACCURATE, CREDIBLE, AND MEANINGFUL SUSTAINABILITY MEASUREMENT.”

find easiest or most strategic to optimise: typically, carbon emissions and energy efficiency. As the saying goes, “what gets measured gets managed,” and the emphasis on carbon has led to a tunnel vision that overlooks broader sustainability issues such as biodiversity and ecological restoration, labour rights, mental health, and social equity. Research by the OECD (2025) shows that over two-thirds of ESG metrics are based on internal inputs, and labour and human rights data are predominantly self-reported. This raises concerns about accuracy and breadth and highlights how companies often gravitate toward measuring concerns that are most standardised, quantifiable, or aligned with regulatory and investor expectations. The recent proposed Omnibus changes to the European CSRD framework highlight once again the uncertain and fragile trajectory of addressing impacts mainly through regulatory frameworks. In addition, global reporting standards vary across geographies – e.g. U.S. standards focus mainly on financial materiality - therefore creating complexity, limiting comparability across regions and slowing down the rate of adoption.

To achieve net positive outcomes, leadership must move beyond this narrow focus. They need to measure holistic impact, looking across environmental, social, and economic dimensions, and account for how their core activities affect diverse stakeholders. Only then can they ensure their strategies deliver meaningful change.

From Disclosure to Impact: Why Measurement Still Falls Short

The transition to net positive business models depends on accurate, credible, and meaningful sustainability measurement. Despite widespread ESG adoption, three fundamental limitations undermine credibility: simplification of complex issues into aggregate scores, reliance on self-reported or inconsistent data, and a lack of system-wide attribution logic. These factors dilute the ability of ESG metrics to capture material impacts, particularly in relation to biodiversity, human rights, and systemic resilience (OECD, 2025). Many models lack causal clarity or the ability to account for system-wide change. Measurement is improving incrementally, but transformation remains elusive. Without credible systems, companies risk over-claiming impact, triggering reputational or legal risks (Walters, 2024).

In response to these issues, the measurement space is evolving. Tools such as Science-Based Target Network (SBTN), Life Cycle Assessments (LCA), and AI-based monitoring systems are increasingly deployed. While not new, their capabilities are being enhanced by data analytics and algorithmic innovation. These tools generate high-resolution data that improves predictive capacity and supports integrated decision-making in strategic planning, particularly when assessing trade-offs across business units or value chains (WBCSD, 2023). What is often labelled as “new” measurement is less about inventing entirely novel tools than about integrating and aligning existing tools with strategic

Cocoa and the Limits of ESG Metrics

Child labour reduction in Cocoa farming is a significant example of how difficult it is with current standards and approaches to reduce such impacts. Decades of corporate and legal reporting have contributed to raising awareness and increasing pressure on companies to address child labour in the cocoa industry, but their impact remains very limited. Initiatives like the Harkin-Engel Protocol signed in 2001 have led to monitoring systems and traceability efforts. However, despite decades of commitments, child labour persists at significant levels, especially in West Africa, where reduction in child labour is strongly related to systemic issues like poverty, lack of education, and weak governance that continue to undermine long-term solutions (Braga, 2024).

intent. The future lies in systems thinking and tying together impact assessment, financial strategy, and adaptive governance.

Beyond Reporting: The Importance of Benchmarking

While sustainability reporting ensures transparency and regulatory compliance, benchmarking allows companies to assess their position relative to industry peers. Benchmarking provides actionable insights that help businesses identify best practices, set meaningful sustainability targets, and track progress over time.

Benchmarking compares performance across companies and sectors, supporting clearer target-setting and identifying best practices. There are multiple approaches:

- Performance benchmarking (e.g., ESG ratings)
- Outcome benchmarking (e.g., GHG intensity per unit)
- Purpose-based benchmarking (e.g., net impact of business models)

For example, the Upright Project, a Finnish data company, provides an impact model that uses open-access data and machine learning to quantify the net impact of companies across multiple dimensions, including health, environment, society, and knowledge. By calculating a company's net impact ratio, Upright enables more granular comparison of positive and negative effects, supporting businesses and investors in aligning operations with net positive ambitions. Their model is based on a top-down calculation that starts from a total economy estimate based on publicly available data on different value chains, cascaded down by company and by product to allow a system wide attribution logic that is missing in many other scoring approaches. This type of benchmarking helps leadership teams see beyond compliance checklists and fosters a deeper understanding of how their core activities affect stakeholders and ecosystems. By embedding these insights into strategic planning, businesses are better equipped to track progress, prioritise investments in areas with the greatest potential impact, and avoid greenwashing.

As companies increasingly seek to demonstrate net positive contributions, tools like the Upright Platform play a critical role in grounding those claims in credible, comparative data. The shift from reporting

“MOST SUSTAINABILITY CHALLENGES ARE SYSTEMIC, AND THEIR SOLUTIONS REQUIRE COORDINATED CHANGE”

to benchmarking is thus a natural evolution toward accountability, clarity, and continuous improvement and a necessary step toward integrating sustainability into core business strategy.

Toward a Roadmap for Measuring Net Positive

The journey toward net positive requires more than incremental improvements in reporting. It demands a strategic roadmap that integrates measurement with planning, risk management, and value creation. This begins with recognising that most sustainability challenges are systemic, and their solutions require coordinated change across a company’s operations, supply chain, governance, and finance.

As a foundation, companies should start by identifying material issues through stakeholder engagement and mapping these to risks and opportunities using established frameworks such as CSRD, GRI or ISSB.

To evolve, the focus must shift to integrating science-based targets, whether on climate (via SBTi), nature (via SBTN), or water, into strategic planning (Arora, Stieglitz-Courtney and Atreya, 2024; SBTi, 2023). Measurement approaches like Life Cycle Assessment (LCA) and context-based sustainability (CBS) provide actionable data for managing supply chain and operational impacts. CFOs should also begin embedding sustainability indicators into budgeting,

A Journey towards Net Positive Transformation

A systemic approach to measuring net positive comes with time and requires a mindset shift. The journey towards net positive is different for every company but goes through a pathway in 3 maturity stages:

	1 Compliance	2 ESG Integrated	3 Net Positive
Anchor	Stay in accepted limits	Do less harm	Do more good
Mindset	Reactive	Adaptive	Proactive Systemic
Decision driver	Legal & reputational risk	Financial continuity, brand protection	Long-tem value, ecosystem health, social license
Measurement approach	Disclosures based on compulsory framework	Voluntary ESG reports + stakeholder expectations	System-wide net impact frameworks
Tools & frameworks	CSRD, NFRD, Carbon Footprinting	SBTN, SASB, LCA, Context-Based Sustainability	Upright Project, AI, Impact-weighted accounting
Example	A company discloses: Scope 1 emissions via GHG Protocol to meet EU CSRD rules	A fashion brand integrates water and biodiversity metric in its LCA to support supply chain sustainability	A food company benchmarks its net impact (health, society, climate) across its portfolio to prioritize regenerative practices

procurement, and capital allocation processes.

To be transformative, the objective should be a dynamic, adaptive measurement and decision-making system. Advances in AI, remote sensing, and blockchain can provide real-time monitoring of ESG performance and early warning of emerging risks. Companies that invest in these capabilities will be better prepared for future disruptions and more agile in seizing emerging opportunities.

The integration of net positive strategies with financial resilience is not an add-on, it is foundational. Financial resilience refers to a company's ability to absorb shocks, manage uncertainty, and sustain operations under stress. ESG integration enhances this capacity by expanding the information available to decision-makers and enabling pre-emptive action on systemic risks.

Research by Wang et al. (2024) found that companies with high ESG scores demonstrated significantly greater operational and financial resilience and less risk of corporate bankruptcy. Also, according to BlackRock (2023), firms integrating climate and biodiversity risk into enterprise risk management systems demonstrate lower volatility and outperform industry benchmarks under stress scenarios.

Moreover, ESG performance is increasingly linked to capital market access. Investors and lenders are demanding transparency not just on emissions but on social licence to operate, labour conditions, and community impact. Firms that embed sustainability into financial planning can unlock new financing instruments, such as sustainability-linked loans, and attract long-term capital at lower cost.

To remain competitive, companies must transition from ESG compliance that focuses on disclosure to transformational strategies that reconfigure operations, capital allocation, and governance in alignment with planetary boundaries and social thresholds (Raworth, 2017). This means rethinking what is material, adopting stakeholder engagement principles, and measuring not just what is easy, but what matters.

The Role of the EDHEC Centre for Net Positive Business Centre

The Center for Net Positive Business (CNPB) at EDHEC is dedicated to exploring and defining the pathways that enable businesses of all sizes to develop scalable models capable of driving systemic change. The ambition is to ensure that their holistic impact on both people and the planet is not just neutral, but net positive, actively contributing to regeneration rather than depletion. To achieve this, the Center puts focus on several key levers designed to overcome the critical challenges that hinder the widespread adoption of net positive business models.

Drawing on applied research, executive education, and partnerships with business leaders, the Centre supports companies in

CNPB central research questions

The current context suggests that no company can credibly go net positive alone. A collective organisation to value creation is a must for transformation to happen effectively. Therefore, the CNPB offers the tools needed to operationalise this ambition at scale. Historically organised around foresight led programs, the research centre co-develops with industry partners net-positive pathways to guide industry evolution. It builds scenarios, future outlooks and develops and incubates net positive business models. It promotes catalytic business models through its own venturing activities, by helping industry partners to incubate new models and by working with private equity to scale net positive ventures. It is providing answers to unanswered burning questions such as:

What are the most effective metrics and reporting frameworks for assessing a company's net positive impact across its value chain?

How can businesses design inclusive value creation strategies that improve well-being and equity in the communities they serve?

How can companies integrate long-term foresight to align strategic planning with net positive impact?

How can profit be managed and reinvested to maximise long-term societal and planetary value while maintaining business viability?

What organisational capabilities are essential for a net positive transition? What is the skillset & profile of Net positive leaders?

If you have interest in researching ways to answer those questions, please reach out to us to explore how we could work together.

rethinking how they measure success and define value. It provides practical tools and frameworks that empower decision-makers to lead boldly in an era of urgent change.

Beyond measurement, the successful implementation of net positive strategies hinges on the ability to catalyse regeneration through collaborative business models. To ensure meaningful progress, the Center works with businesses and institutions that demonstrate three defining attributes: consciousness, collaboration, and capability. The organizations it engages with must be conscious, meaning they integrate ongoing monitoring of their environmental and social impact into decision-making while also assessing how these external ecosystems affect them in return. They must be collaborative, playing an active role at the industry, regional, national, and international levels to build and scale economic systems that are circular and regenerative. Finally, they must be capable, demonstrating continuous and scalable progress in maximizing their regenerative impact on both people and the planet.

By convening interdisciplinary expertise and a network of pioneering firms, the Centre fosters the capabilities needed to translate high-level sustainability goals into operational results. It does so by driving targeted initiatives that push companies beyond incremental improvements toward transformational change:

- Provide a Net Positive Business readiness assessment tools for organizations to understand and benchmark their starting position & take informed decisions to develop net positive objectives.
- Engage Industry & Capital players around identified business challenges and guide them to build and implement New Business models with a net positive impact.
- Engage faculty and researchers in science-based projects to identify and remove barriers to Net Positive transformation, while designing tailored executive programs and educational pathways that empower students to become responsible, impact-driven leaders.

EDHEC, through the Center for Net Positive Business, is committed to identifying, co-creating, investing in, and scaling ventures and business models that drive net positive outcomes. This will not only accelerate the transition to regenerative business practices but will also redefine the role of business in society, ensuring that economic success goes hand in hand with a thriving planet and an equitable future for all.

“ THE SUCCESSFUL IMPLEMENTATION OF NET POSITIVE STRATEGIES HINGES ON THE ABILITY TO CATALYSE REGENERATION THROUGH COLLABORATIVE BUSINESS MODELS.”

Conclusion

Embracing the net positive paradigm marks a fundamental evolution in how companies understand their role in the economy and in society. It shifts the corporate mindset from “doing less harm” to actively “doing more good.” This transformation requires businesses to not only measure and disclose impacts but to align their strategies, innovations, and investments with outcomes that enhance human and planetary well-being.

Establishing robust measurement and benchmarking systems is the foundation, but true progress lies in integration. The road ahead requires more than reporting. It calls for robust benchmarking, adaptive governance, and an honest reckoning with what matters most.

Companies that embed sustainability into decision-making, adopt rigorous science-based targets, and transparently benchmark their progress will be better equipped to thrive in a rapidly changing world. They will also be more resilient to emerging risks-litigation, reputational damage, supply chain disruption-and more attractive to talent, investors, and customers alike.

As expectations rise, the leaders of tomorrow will not be those who comply with the baseline, but those who go beyond it-driving a net positive future through action, accountability, and ambition.

We believe that in a net positive future, value is not extracted but generated, and performance is judged on the net positive impact on people and planet. Viability of business models will remain key but raising profit at the expense of reducing net positive impact will no longer be acceptable. Those who lead will not just report change but shape it.

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