

# Product Sustainability

We've been talking with clients a lot about how sustainability manifests in their products — not just their operations.

## Why it matters

Sustainable products aren't just good business; they're essential for a pathway towards a regenerative future.

## What we know

- **Achieving the SDGs relies on responsible consumption.** To meet the ambitions of the Sustainable Development Goals—particularly on climate, biodiversity, and responsible consumption—consumers must be equipped to understand the true social and environmental impacts of what they buy (and question whether they need to buy it in the first place).
- **Consumers want clarity but aren't getting it.** Recent surveys indicate that 70% of consumers want clearer and more transparent sustainability information on products they purchase, but 64% find sustainability claims confusing.
- **Sustainable products are outperforming.** Between 2013 and 2022, sustainably-marketed products accounted for approximately 40% of total CPG growth, despite representing only 17% of the total market, reflecting a clear shift in consumer demand. 76% of Gen Z consumers and 68% of millennials actively prioritize sustainability attributes in their purchasing decisions.
- **Greenwashing risks are rising.** Scrutiny of greenwashing is rapidly intensifying. Climate-related greenwashing accusations in finance alone jumped 70% last year.
- **Regulations are intensifying.** Regulations like the EU Ecodesign for Sustainable Products Regulation, extended producer responsibility (EPR) laws, and green claims directives are pushing companies to invest in product redesign to stay compliant and competitive.

- **Scope 3 expectations from B2B customers are rising.** Business customers are making net zero commitments — and increasingly expect suppliers to deliver lower-footprint products and clear emissions data for Purchased Goods and Services.

## What we observe

- **Sustainability is still an afterthought despite consumer trends.** Companies are investing in product innovation, but not always embedding sustainability in the core value proposition. It's still too often an add-on or niche variant—despite generational trends showing strong consumer demand for sustainable products.
- **Communication is challenging.** Companies are increasingly investing in sustainability storytelling and labeling initiatives, yet frequently struggle to strike a balance between transparency, simplicity, and legal compliance.
- **Cross-functional collaboration is growing.** More companies are launching cross-functional product sustainability initiatives—bringing together R&D, marketing, procurement, and sustainability teams to align on goals and claims.
- **AI can support better decision-making.** The emergence of AI-enabled life cycle assessment tools is enabling companies to quickly screen, compare, and prioritize sustainability improvements at scale.
- **Tension exists between impact and consumer preference.** Armed with better data on product impacts, companies often face a tension: designing for the greatest measurable sustainability impact versus designing for what consumers say they want. Companies are required to help educate and guide consumers toward the most meaningful sustainability attributes.

## Bottom line

The shift to sustainable products isn't just a market trend—it's a systems lever toward a regenerative future. Companies that are leading the way aren't just reducing product footprints; they're reshaping consumer expectations and market norms. And they are achieving competitive advantage through proactive management of their product portfolio's sustainability performance.

- 1. Prioritize customer materiality.** Make product changes where impact and consumer interests intersect. Issues material to your customer may not always be material to the manufacturer.
- 2. Embed sustainability at the core.** Integrate sustainability into fundamental product design, portfolio management and value propositions.
- 3. Strengthen governance.** Build robust oversight to avoid reputational and regulatory risks from sustainability claims.



### JOIN THE CONVERSATION

We'd love to hear your perspective. Leave a comment on our LinkedIn or reach out at [info@impactpathways.com](mailto:info@impactpathways.com).

