Sustainability is not yet a financial KPI for most household goods firms

Only 34% of businesses link climate targets to financial KPIs

The transition to a low-carbon economy represents one of the most disruptive changes household goods organizations have faced in decades. It challenges established business models and requires rethinking product design, reconfiguring supply chains, changing technology, distribution, real estate and almost every aspect of operations and infrastructure.

Yet, Risilience-commissioned research reveals that only a third (34%) of household goods firms are linking climate targets directly to financial performance — a critical gap if the sector is to build resilience and deliver sustainable value.

Despite **78%** of firms reporting they have a nature risk plan in place, less than a third (36%) have embedded this risk into business-wide decision making.

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The household goods industry in focus

Only **34%** link climate targets to financial KPIs

34% struggle with poor collaboration between sustainability and finance teams

32% struggle with complex, global supply chains with many tiers

78% have a nature risk plan in place

36% of all CapEx is aligned with sustainability goals

74% know the ROI of their decarbonisation plans

*Data from the Climate and Nature Risk Report 2025, commissioned by Risilience and conducted by Censuswide in August 2025. 500 sustainability & risk decisions makers were polled across seven industries in the UK, US and Europe.

What does this mean?

While the household goods sector is making progress, the findings reveal a clear lag between ambition and financial integration. The fact that only **34%** are embedding climate targets into financial KPIs suggests that most organizations are yet to make sustainability a measurable driver of enterprise value.

Furthermore, **34%** of businesses struggle with insufficient collaboration between sustainability and finance teams, and the same number have difficulty translating physical and transition risks into financial metrics.

What should companies do now?

Organizations that act now will gain resilience, investor confidence and competitive advantage. It's time to:

- Embed risk into enterprise governance and finance systems
- Build finance-grade models to clearly and robustly communicate ROI and enterprise value in line with and alongside all other business considerations
- Tackle Scope 3 through aligned incentives, supplier data and procurement governance
- Recognize natural dependencies: integrate nature alongside climate in strategy and disclosure

Turn climate and nature risks into financially quantified insights with Risilience

- Build a stronger foundation for reporting, disclosures, and strategic decision-making
- Understand climate and nature risk exposure in financial terms, clearly and confidently
- Turn strategic buy-in into financially informed, measurable action for sustainable growth

> The fact that only a third of household goods firms link climate targets to financial KPIs shows how much opportunity remains. Climate and nature risks are no longer abstract sustainability issues; they are real financial risks. Businesses that quantify these risks, embed them into governance and financial systems, and align incentives across their supply chains will build resilience and competitive advantage in the face of economic and political challenges.

Dr Andrew Coburn, CEO *Risilience*

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Risilience… provides quantitative analytics that inform risk management and decision-making across the Group. This has helped extend existing corporate risk management activity in relation to business continuity, which might be created in terms of extreme weather events and other climate related risks."
Reckitt Annual Report, *March 2025*

Let's connect

Risilience works with household goods and personal care clients to deliver audit-ready disclosures and commercially viable transition plans that align with business strategy to provide value for all stakeholders.

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