

VIEWPOINT



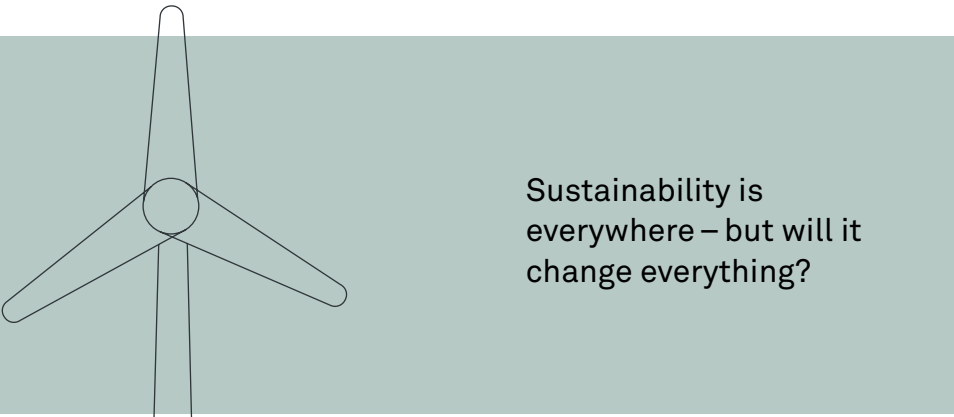
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2023

Sustainability reimagined

Findings from the top management survey on
the current state and future of sustainability
in global organisations

Sustainability reimaged



Sustainability is everywhere – but will it change everything?

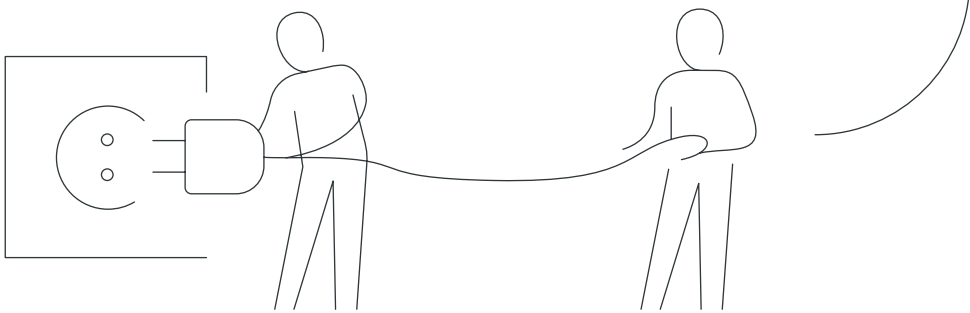
From a sustainability strategy to a sustainable strategy

Sustainability is at the top of the strategic agenda everywhere. Trailblazing organisations are acting fast to reduce the harmful impact on people and the planet. And even those that have been slow to respond are being forced to act due to regulatory changes and increasing stakeholder demands.

Becoming more sustainable is a given. However, when faced with a proliferation of stakeholder requirements, there is a risk that many organisations are merely scratching the surface of sustainability as they try to keep up.

But what if organisations used the sustainability agenda to profoundly reimagine why they exist and how they operate?

We believe that instead of a *sustainability strategy*, organisations of the future will have a **sustainable strategy**. Instead of taking incremental steps towards what is good for them, organisations of the future will dare to unleash transformational change towards a brighter future that is better for all of us.



The current state of sustainability in organisations

Implement Consulting Group has recently conducted a survey among the top management of 175 organisations with more than 100 employees across Europe and more than 12 industries. The aim of the survey was to map the current state and future trends in the sustainability area for businesses.

The data shows an overall positive trend. Organisations are putting sustainability at the top of their strategic agenda, even in times of uncertainty and economic downturn. Most organisations are putting management systems in place to implement their sustainability agenda, addressing many of the barriers to becoming more sustainable. We are shifting from only putting sustainability on the agenda to focusing on improving the ability to execute and having the right capabilities in place to succeed.

It is notable that even in a time of geopolitical instability, glooming economic recession and recovery from the pandemic, sustainability remains at the top of the strategic agenda across sectors. 87% of respondents agree that sustainability is at the top of their strategic agenda. 72% say that priorities have not changed despite external volatility.

82% of respondents have also declared that they have a clear and shared understanding of the sustainability issues that are material to their organisation, which is the first step towards implementing measures to reach the sustainability ambition.

Other important aspects of succeeding in implementing and delivering on sustainability targets, such as having clear roles, capabilities and incentives, are also in place for 3/4 of respondents.

However, when digging into the data, the picture is more nuanced, and there is a clear divide between those who are industry leaders in sustainability and those who are not. Across key categories, there is a clear lag between respondents along the different dimensions, as shown in the detailed analysis. The question is whether there will be a competitive race separating future winners and losers. A race between leaders who are able to deliver on sustainability strategies and goals and those who are lagging behind and struggling to overcome key barriers.

The next big leap on the sustainability agenda

While basic measures are surely taken towards a more prominent focus on sustainability, the data shows that many organisations are lacking a holistic view on sustainability. There is a clear trend towards focusing on hot topics, such as carbon emissions and diversity, while putting less emphasis on other sustainability aspects across the range of relevant issues. Taking a holistic view on sustainability would be a step forward for many organisations.

When it comes to placing sustainability at the core of the business strategy and using it as a transformational force, only a few organisations are at the forefront. 60% of respondents see sustainability as a lever to fundamentally transform their business model, and 66% systematically take sustainability factors into account when making major strategic decisions. Most organisations have a *sustainability strategy* in place but not a *sustainable strategy*. That is a fully integrated business strategy where sustainability is at the core and informs about all business choices. In this space, there is ample room for exploring and

exploiting the full business potential of sustainability.

Moreover, more than 50% of respondents still have their main focus on *shareholder value creation* and have not adopted a multi-stakeholder approach to shift towards a *stakeholder value creation* paradigm, balancing value creation between investors, customers, suppliers, employees, communities and the planet.

Another aspect that points towards the next big leap in sustainability is the ability to measure and account for the full positive and negative impact an organisation has on the world. Of the surveyed organisations, 59% do not address their positive and negative externalities, e.g. through mechanisms such as internal carbon pricing, sustainability-adjusted business cases or new standards when it comes to making business decisions.

Strong progress on the sustainability agenda is clearly evident. But exploring the full potential and putting sustainability at the core of the business by and large remains unexplored territory for the majority of organisations.



Taking stock of the current state

Sustainability is at the top of the agenda, and investments are being made despite recessionary outlooks

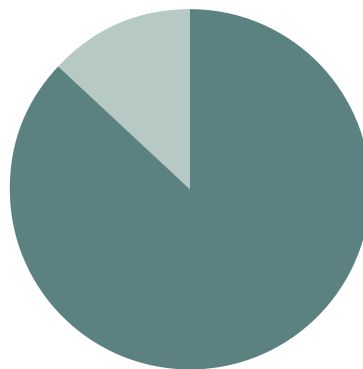
In a time of geopolitical instability, glooming economic recession and recovery from the pandemic, organisations have to make decisions and operate in a volatile, uncertain, complex and ambiguous environment, and leaders are occupied with strategic issues aimed at ensuring that they remain profitable and relevant in the market.

Even in this environment, sustainability remains at the top of organisations' strategic agenda across sectors.

87% of respondents agree that sustainability is at the top of their strategic agenda. And surprisingly, **72%** agree that they will maintain their focus on investments in sustainability despite the current macroeconomic outlook.

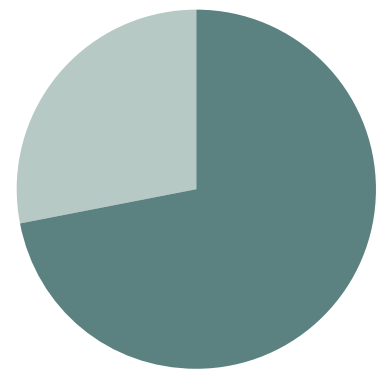
Sustainability is here to stay even when facing headwinds.

Sustainability is at the top of our strategic agenda



87%

We maintain our focus on investments in sustainability despite the current weak macroeconomic outlook



72%

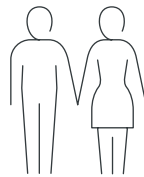
Taking stock of the current state

Carbon emission reduction remains a top priority, and social sustainability is gaining momentum – while biodiversity goes under the radar

For several years, severe climate change issues have been a prominent topic in research, regulation and in the public debate. Also in large organisations, addressing carbon emissions remains a top priority as stated by **76%** of respondents.

In recent years, focus on equality, diversity and social justice has been gaining significant attention. Notably, even more respondents (**85%**) have these topics as their top priorities.

However, other trending topics seem more neglected. The negative impact that businesses and societies have on biodiversity and ecology remains a lower priority with only **53%** of respondents listing it among their top priorities.



Equality, diversity and social justice are one of our top priorities

85%



Climate change mitigation is one of our top priorities

76%



Biodiversity and ecological impact are one of our top priorities

53%

% of respondents who agree or strongly agree with the statement. Respondents were given five choices: strongly agree, agree, neutral, disagree, strongly disagree.

Taking stock of the current state

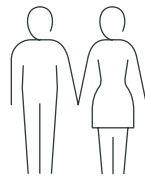
Sustainability leaders are more likely to put climate change and biodiversity at the top of their agenda than sustainability laggards

When comparing organisations that are regarded as industry leaders in sustainability with those that are not, we see a lag between 22% and 33% in top sustainability priorities.

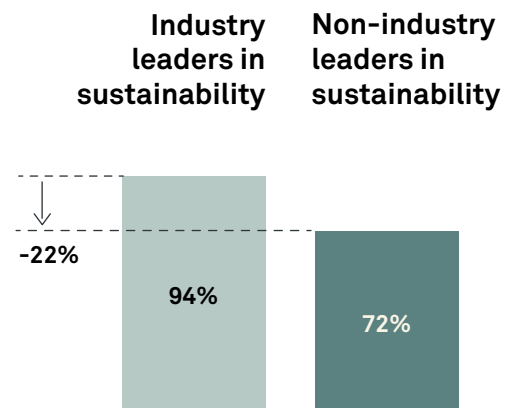
Among non-industry leaders in sustainability, **33%** fewer respondents have climate change mitigation among their top priorities compared to industry leaders in sustainability.

The difference between sustainability leaders and non-leaders is smaller when it comes to equality, diversity and social justice with **22%** fewer respondents among non-leaders having those as top priorities.

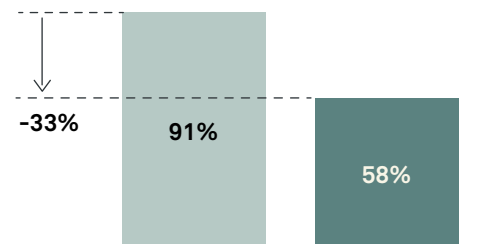
The difference between the two groups is also **33%** when it comes to biodiversity, although starting from a smaller base. Only 35% of non-leaders list biodiversity as one of their top priorities.



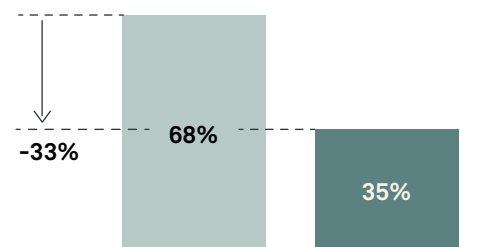
Equality, diversity and social justice are one of our top priorities



Climate change mitigation is one of our top priorities



Biodiversity and ecological impact are one of our top priorities



% of respondents who agree or strongly agree with the statement. Respondents were given five choices: strongly agree, agree, neutral, disagree, strongly disagree. Respondents were asked to self-assess their relative position in their industry vis-à-vis competitors to determine if they were “industry leaders in sustainability” in their peer group.

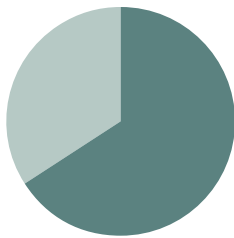
Sustainability reimaged



Taking stock of the current state

Sustainability aspirations have been translated into targets, roadmaps and progress – but a gap between leaders and laggards is evident

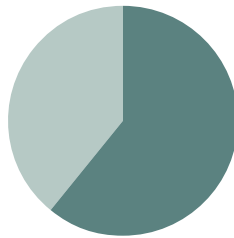
Many organisations are taking action on sustainability implementation. Sustainability targets have been defined and agreed across all levels of the organisation for **66%** of respondents.



66%

Sustainability targets have been defined and agreed across all levels of the organisation

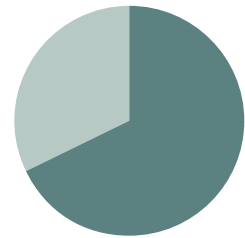
Most organisations have roadmaps in place to achieve the targets (**61%**), and they are progressing according to plan (**68%**).



61%

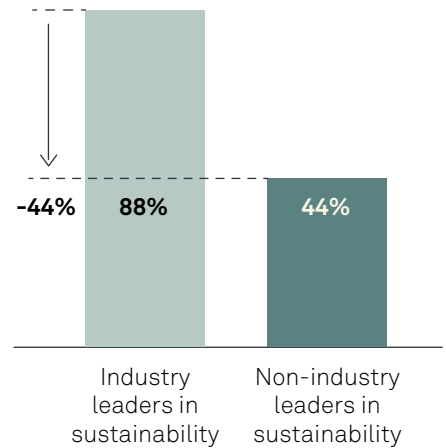
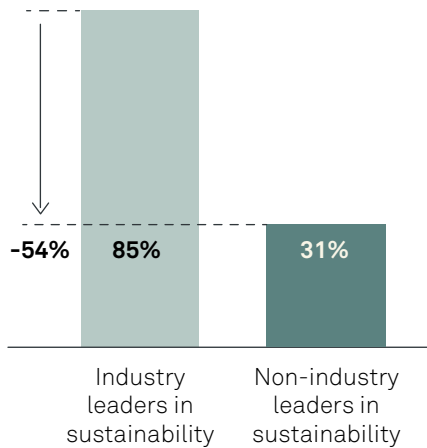
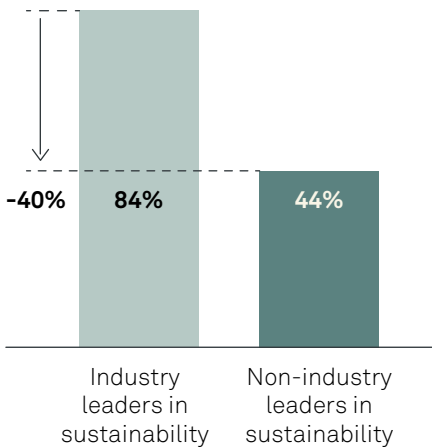
A clear roadmap for reaching our sustainability targets is in place

However, there is a clear difference between leaders and laggards. When it comes to implementation, **half of non-leaders lag behind compared to leaders in sustainability**, particularly when it comes to having a clear roadmap in place.



68%

We are progressing according to plan with our long-term sustainability targets



% of respondents who agree or strongly agree with the statement. Respondents were given five choices: strongly agree, agree, neutral, disagree, strongly disagree. Respondents were asked to self-assess their relative position in their industry vis-à-vis competitors to determine if they were “industry leaders in sustainability” in their peer group.

Taking stock of the current state

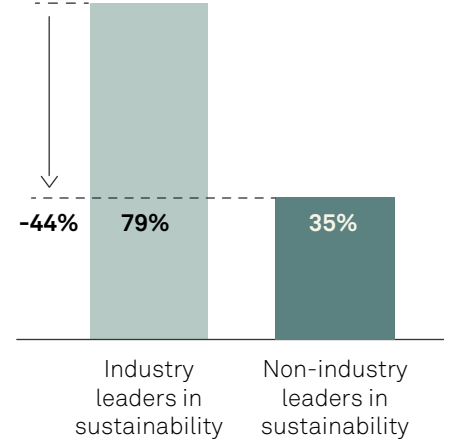
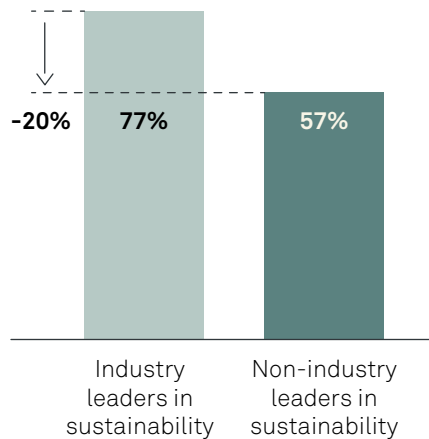
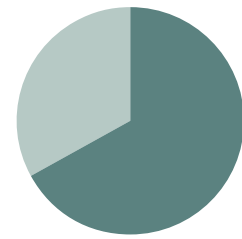
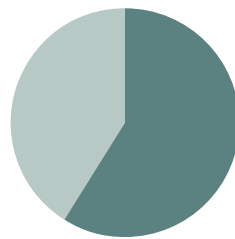
Organisational operating models are being adjusted to include sustainability, and competences are put in place in the majority of cases

When it comes to organisations' operating models and the inclusion of sustainability aspects, **67%** of respondents state that they have already acquired sustainability competences through either internal training or hiring to help drive the sustainability agenda.

In more than half of the organisations (**59%**), a governance structure for implementing sustainability targets has been put in place.

Laggards in sustainability have also acquired sustainability competences and lag behind by only **20%** compared to industry leaders.

However, when it comes to governance structures, non-leaders are **44%** less likely to have one in place.



% of respondents who selected the barriers. Multiple choice possible. Industry leaders in sustainability are organisations that are regarded as such.



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Taking stock of the current state

A number of barriers to reaching sustainability goals still need to be addressed for both sustainability leaders and laggards

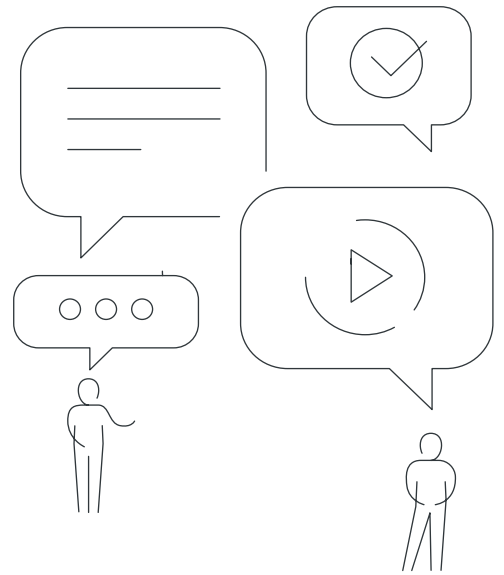
When it comes to the main barriers to reaching sustainability goals, industry leaders in sustainability struggle with a few important ones, while non-leaders are challenged by almost all of them.

Industry leaders in sustainability are challenged by customers' low willingness to pay for sustainability, weak links between incentives and sustainability goals and a lack of resources and capabilities to achieve sustainability goals.

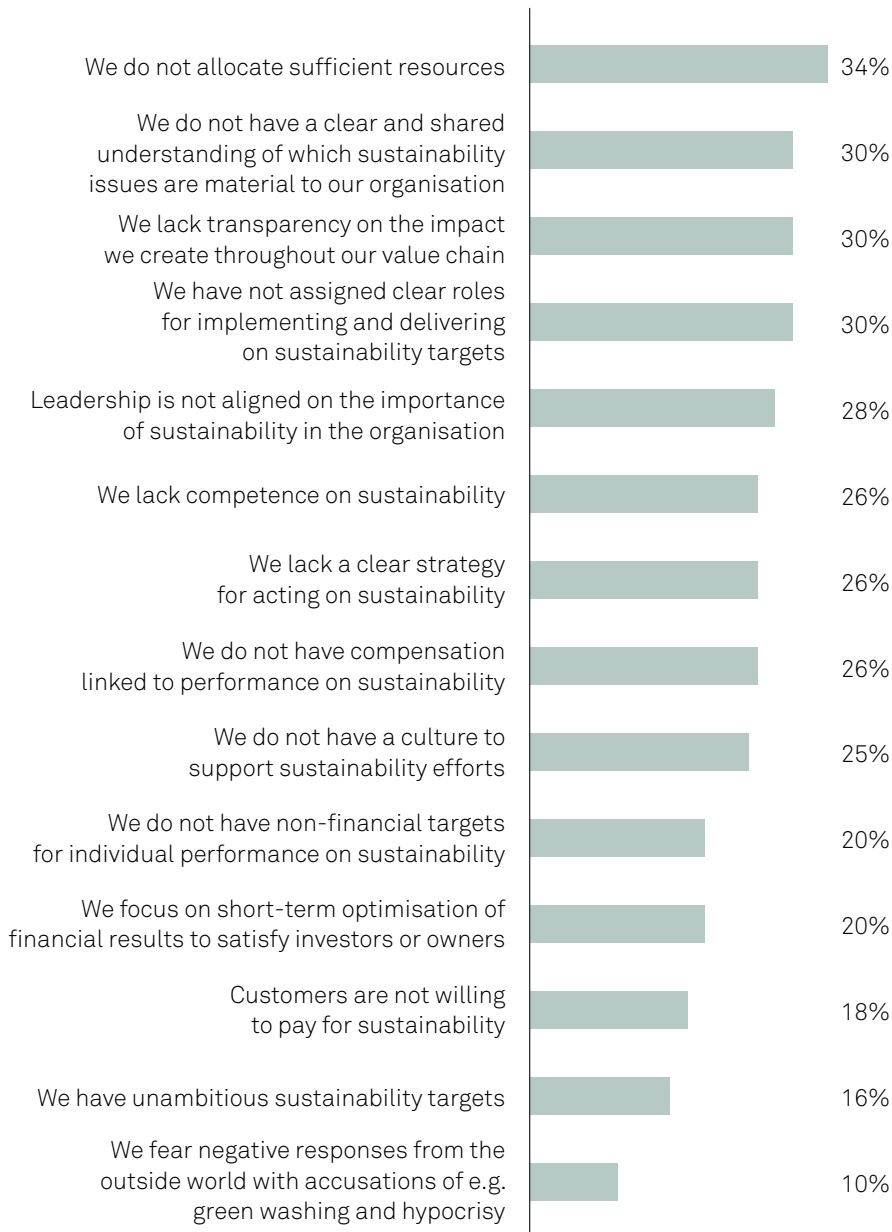
The rest of the organisations are challenged by multiple barriers, including having a clear understanding of which sustainability issues are material to their organisation and a clear strategy to act on sustainability. At the top of the list is a lack of dedicated resource allocation to drive sustainability forward.

Industry leaders in sustainability





Non-industry leaders in sustainability



% of respondents who agree or strongly agree with the statement. Respondents were given five choices: strongly agree, agree, neutral, disagree, strongly disagree.

Rethinking the future of sustainability

Forward-looking organisations are shifting focus from short-term shareholder value creation to long-term stakeholder value creation

When it comes to rethinking value creation and using sustainability to redefine organisations' strategic choices, **73%** of respondents have discussions about how they contribute to value creation in society and the world.



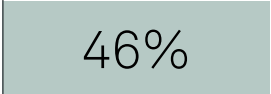
We have frequent discussions about how we contribute to **value creation in society** and the world



Consequently, close to half of the respondents (**46%**) have transitioned or are transitioning to multi-stakeholder value creation, moving away from short-term shareholder value creation towards a much broader and holistic understanding of value creation.



We have or are transitioning from a focus on shareholder value creation to a **focus on multi-stakeholder value creation**

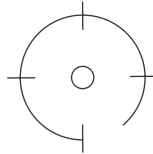


For more perspectives on this shift, see Implement's [viewpoint on rethinking value creation](#).

Rethinking the future of sustainability

Organisations are using the sustainability agenda to fundamentally rethink their organisational purpose

When it comes to organisations leveraging sustainability to fundamentally rethink their purpose and find new ways to generate profit, **68%** of respondents have put sustainability at the core of their company purpose.

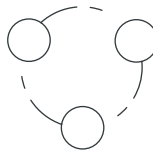


We have put **sustainability at the core** of our company purpose

68%

60% see sustainability as a lever to fundamentally transform not only their purpose but their business model and portfolio of products and services.

For more perspectives on this shift, see Implement's [viewpoint on rethinking organisational purpose](#).



We see sustainability as a lever to **fundamentally transform our business** model

60%

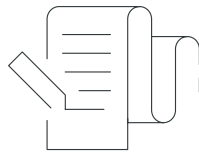
Rethinking the future of sustainability

Sustainability matters in leadership decision-making might fundamentally change how great choices are made

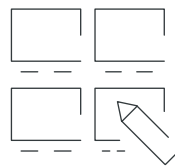
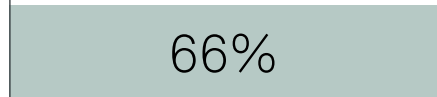
When it comes to making truly sustainable choices by integrating multiple bottom lines and externalities in all decision-making processes, **66%** of respondents are systematically taking sustainability factors into account when making major strategic decisions, such as carbon emissions, impact on biodiversity and social justice.

However, less than half of respondents (**41%**) address negative externalities from their business in their decision-making, for example by incorporating true carbon price in business cases or more advanced perspectives on considering relevant sustainability factors.

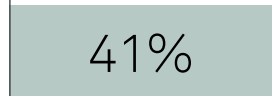
For more perspectives on this shift, see Implement's [viewpoint on rethinking leadership decision-making](#).



We systematically take sustainability factors into account when making **major strategic decisions** (e.g. carbon emissions, biodiversity impact or social justice)



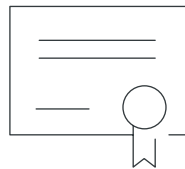
We address our **negative externalities** from our business in our decision-making (e.g. incorporating true carbon price in business cases)



Rethinking the future of sustainability

Organisations are making commitments to common standards and are starting to take a holistic systems thinking approach to their role in society

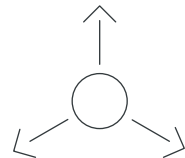
When it comes to collaboration and ecosystems to achieve system level change, **65%** of respondents state that they use certifications and global sustainability frameworks as levers to accelerate their sustainability transformation. Committing to external standards that are not made mandatory by law is a clear sign of a shift from a self-centred approach to taking a larger responsibility in society.



We use certifications and global sustainability frameworks as levers to **accelerate a sustainability transformation**

65%

64% of respondents state that they approach sustainability through systems thinking by working across their value chain, across different industries and by collaborating with other stakeholders.



We approach sustainability through **systems thinking** by working across our value chain and different industries and collaborating with other stakeholders

64%

For more perspectives on this shift, see [Implement's viewpoint on rethinking collaboration and ecosystems.](#)



A photograph of a modern office interior. On the right, a wall is covered in large, rectangular, textured panels in a light beige or tan color. To the left, a glass-walled meeting room is visible, with a wooden door frame and a brass handle. The room inside has a wooden floor, a white radiator, and a window with a vase of dried flowers on the sill. The lighting is warm and ambient.

Get inspired on
how to reimagine
sustainability at
Implement Consulting
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