

RUSSELL REYNOLDS ASSOCIATES

Divides and Dividends 2023

The four gaps that threaten sustainability progress—
and how to bridge them for stand-out success.



Our research with thousands of global business leaders shows organizations are ready to commit to the sustainability challenge.

They're setting aspirational sustainability targets, developing concrete plans, and are optimistic about progress.

Yet it also reveals four gaps in mindset and skillset that will hamper true sustainability action.

We set out the common sustainability pitfalls and how world-leading organizations are bridging them to deliver stand-out sustainability results.

 **850**
CEOs


 **1,116**
CxOs

 **1,847**
Next-generation leaders


 **8,753**
Employees

 **104**
Countries with at least
one respondent

 **6**
Industries



“There’s no such thing as sustainability. There are just levels of it. It’s a process, not a real goal. All you can do is work toward it.”



Yvon Chouinard,
Founder, Patagonia

Source: [Patagonia clothing founder ponders politics, saving Earth](#).

Contents

Foreword	5
The State of Sustainability Today	7
The Four Divides That Will Hamper Sustainability Action	10
The Motivation Divide	11
The Leadership Divide	15
The Accountability Divide	20
How RRA Can Help	29
Methodology	30
Footnotes	31
Authors	32

Foreword

These days, almost every CEO we work with wants to know one thing: How can we deliver on our sustainability promises and meet the growing expectations of our employees, consumers, investors, and the communities where we operate?

There's no denying that business leaders are feeling the pressure to act on sustainability. In recent years, we've seen more and more pledges made to tackle climate change, protect nature, and support social equity and human rights—something that seemed impossible just five or ten years ago.

But commitments aren't enough—we need credible action. CEOs the world over must turn their plans into results. Having publicly pronounced a new future, they must deliver on it. And, with the world (and governments) watching, they cannot afford to fall short.

So, what's the secret to sustainability action? Is there a way CEOs can accelerate progress, become agents of true change, deliver lasting sustainability results, and create real economic and societal value?

From our work with leading organizations around the world, we know the answer to these questions is 'yes.'

The businesses that are leading on sustainability are

working hard to embed it across their organizations and their value chains. They make sustainability part of their DNA, influencing everything from how strategy is set, to how business decisions are made, to how they show up as leaders and work to shift their culture, including how they support the wellbeing of employees, communities, and the planet.

This new research from Russell Reynolds Associates shows that global businesses still have work to do to realize this opportunity. While many say that they are up for the sustainability challenge, they have yet to upskill their leaders and hold them accountable, or mobilize and resource their workforces to deliver change, at scale.

Businesses are not immune to the daunting challenges facing global society. Together, we can create a world where humans and nature thrive for generations to come. Businesses can, and must, play a positive role in this transition. Those that do, stand to create tremendous value in the process.

But to unleash its full potential to power long-term success, business leaders need to bridge these gaps in mindset and skill set and embed sustainability across their strategies, operations, and decision-making.



Stephanie Bertels


Founder and Executive Director of the Embedding Project

Professor, SFU Beedie School of Business




Jason Jay

Senior Lecturer and Director of the Sustainability Initiative at MIT Sloan



“How can we be sustainable, forever?
How can we keep this going for
generations more? These are the
questions that keep me up at night.”



João Paulo Ferreira,
CEO, Natura & Co Latin America

Source: Sustainable Leadership, Russell Reynolds Associates, 2021

The State of Sustainability Today

Organizations globally are waking up to an undeniable truth: sustainability action is no longer optional. It's an essential lever for long-term business success.

Senior leaders now believe that sustainability issues will impact the long-term viability of their businesses and they're setting concrete plans in response.

Notably, these plans are not just focusing on environmental concerns. Global business leaders are also actively looking at labor and community issues, which, in a post-Covid world continue to be front of mind for employees and consumers alike.

Leaders are also getting ready for a wave of regulatory pressures, as governments around the world turn their

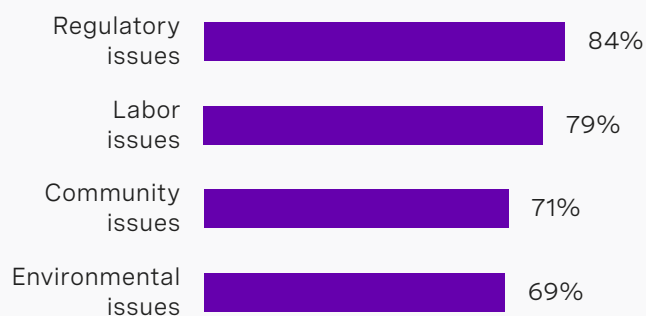
attention to the actions of businesses around sustainability and monitoring corporate compliance with ESG standards.

In our research, 83% of senior leaders said they were developing concrete plans to cover regulatory issues around sustainability.

Sustainability is now firmly on the business agenda, with organizations continuing to invest in sustainability, even in the face of economic volatility. Just 7% of global leaders say they will decrease sustainability investments in the year ahead.

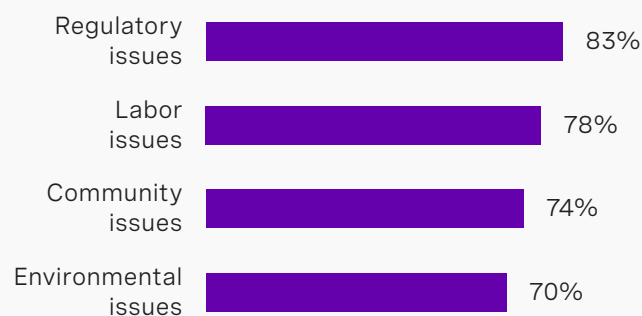
Will sustainability issues impact the long-term viability of your business?

% of senior leaders who cited a notable/large/very large impact



Are you developing concrete sustainability plans in response?

% of senior leaders who selected 'yes'



Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders

The confidence in progress is encouraging, but there are also indications that this optimism may be misplaced.

For example, looking at the environmental strand of sustainability, global data indicates that organizations are some way from delivering tangible results.

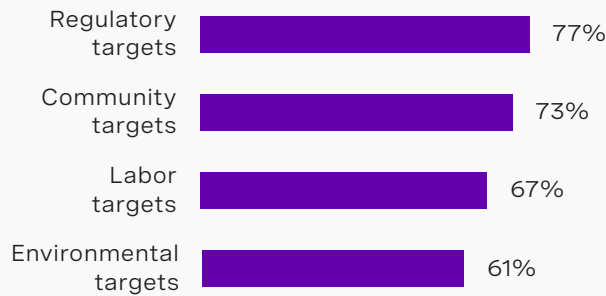
- Just 24% of companies, covering only 5% of global emissions, are on track to meet their carbon reduction targets ([CDP](#)).
- Companies' science-based targets for emissions reduction only amount to eliminating the equivalent of twice Switzerland's annual emissions ([SBTI](#)).

- Commitments from the world's largest "climate leader" companies amount to a reduction of just 15% of their full value chain emissions ([New Climate Institute](#)).

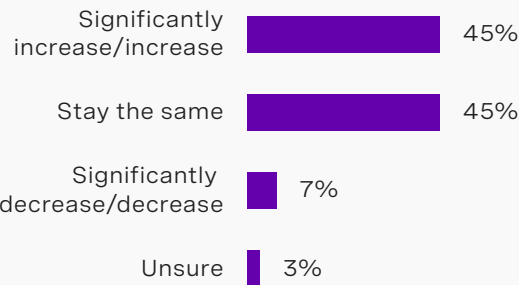
Our research also indicates that four critical gaps in leadership thinking and capability could hamper the integration of sustainability across strategy and operations, and undermine the optimism about progress.

Are you confident your sustainability targets will be met?

% who selected 'yes'



How will your organizational investment in sustainability change in the year ahead?



Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders



The Four Divides That Will Hamper Sustainability Action

It's not enough to just commit to sustainability. To make a positive impact, you need to deeply integrate sustainability across your entire organization—from strategy and operations to daily decisions. Our research shows four gaps that, unless addressed, will prevent this from happening.

01 The Motivation Divide

Leaders are making the right noises around sustainability. Yet beneath the surface, they still see sustainability as a brand-building exercise, rather than true lever for business performance.

02 The Leadership Divide

While CEOs are committed to action, they often lack the vision and courage that's needed to take risks, navigate complex trade-offs—and ultimately pivot their organization toward a more sustainable future.

03 The Accountability Divide

In the rush to make visible commitments to sustainability and set ambitious goals, organizations are overlooking a critical step: ensuring their executive team is incentivized to make change happen—and stick.

04 The Mobilization Divide

Employees are ready (and eager) to play a leading role in transitioning their organizations toward a more sustainable future. Yet senior leaders are missing multiple opportunities to harness their collective potential.

The Motivation Divide

96% Yet only 21%

of senior leaders believe that sustainability issues will impact the long-term viability of their business.

cite greater profits as a top-five benefit of sustainability action.

Business leaders are making the right noises around sustainability. Yet beneath the surface, they still see sustainability as a brand-building exercise, rather than a true lever for business performance. We call this the **Motivation Divide**.

Global evidence of the Motivation Divide.

When we asked senior leaders about the top benefits of sustainability action, most cited a stronger brand reputation.

Only a minority mentioned longer-term economic benefits, such as greater profits, lower-cost operations or faster top-line growth.

Regionally, senior leaders in Australia and New Zealand are most likely to believe in the brand potential of

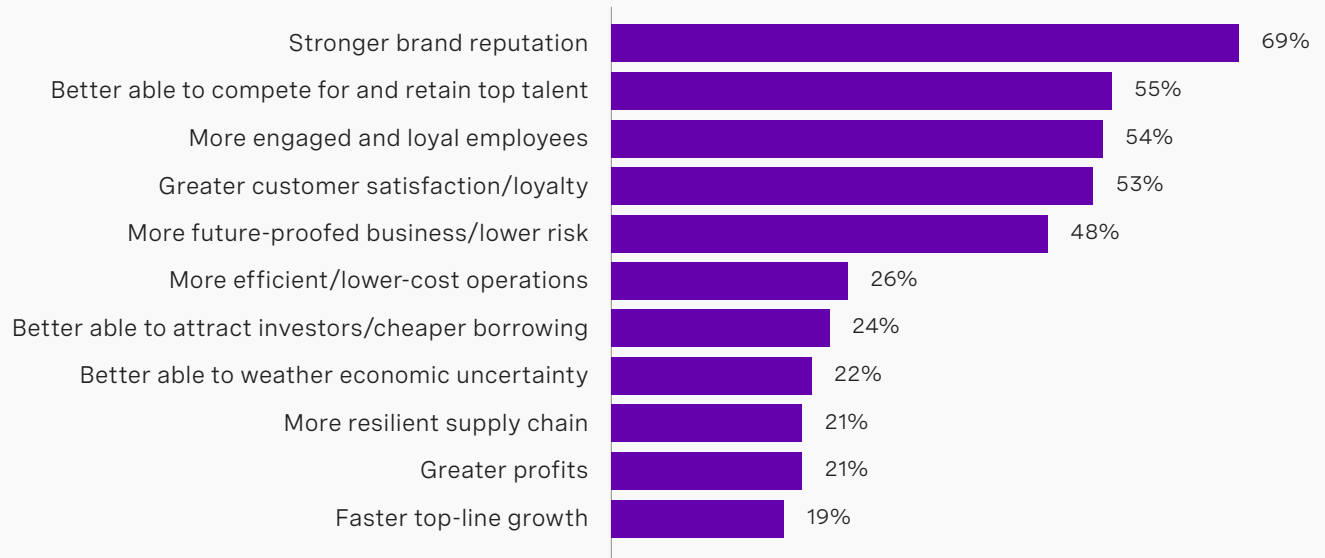
sustainability action, with 84% selecting this as a top-five benefit.

Meanwhile, leaders in Spain are most likely to think sustainability action will lead to faster top-line growth (26%). Leaders in the US are most likely to cite more efficient operations (27%). And leaders in Sweden are most likely to believe sustainability will lead to a more future-proofed business (65%).

How do you think your organization will benefit in the future from sustainability actions?

% of senior leaders selecting as one of their top 5

Global Total - Senior Leaders



Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders

Why the Motivation Divide matters.

If you only look at sustainability through the brand lens, you're less likely to truly integrate it across the fabric of your organization—and, in the process, hamper its full potential to drive long-term success.

- ▶ Senior leaders who see sustainability as an opportunity to create value for their businesses and communities are **1.4x more likely to report that sustainability progress has been made and will continue to be made.**
- ▶ Senior leaders who see sustainability as an opportunity to create value for their business and communities are **1.5x more likely to deeply integrate sustainability across decision-making.**
- ▶ Senior leaders who see sustainability as an opportunity to create value for their business and communities are **2x more likely to deeply integrate sustainability across daily work practices.**

“Embracing sustainability as a lever for growth empowers leaders to unlock innovation, gain a competitive edge, and secure long-term success. It’s often the differentiator between talk and action.”

Kurt Harrison,

Leadership Advisor, RRA, New York

How world-leading organizations are infusing sustainability across strategy.

Sustainability trailblazers understand the importance of fully integrating sustainability across their organizations. Rather than treating it as an isolated initiative, they align sustainability to their overarching business strategy and goals, ensuring it guides everything they do.



Lynn Good
CEO, Duke Energy

Lynn Good, CEO of Duke Energy, a major utilities company headquartered in North Carolina, has pushed sustainability to the heart of business strategy to deliver stand-out sustainability results. Every investment is now reviewed through the lens of how it positions the company to take on more renewables or reduce carbon emissions. Since 2010, Duke Energy has retired 56 units at coal-fired power plants. And as of 2021, it has decreased carbon dioxide emissions by 44%, sulfur dioxide emissions by 98%, and nitrogen oxide emissions by over 83%.

“Sustainability is not an adjunct; it’s not another initiative; it’s not something we keep track of on the side. Rather, it is completely integrated with the overall strategy of the company, which is to be a leader in the clean energy transition.”

Source: [Sustainable Leadership](#), Russell Reynolds Associate, 2021

Closing the Motivation Divide.

To accelerate progress, leaders need to understand—and advocate for—the business case of sustainability. When sustainability is only seen through the brand lens, it is often relegated as an isolated initiative or issue to be managed, rather than something that is truly integrated across the fabric of strategy and operations.

Understand the business case. Ensure the leadership team and organization truly understand that sustainability transformation is not just the right thing to do, but the smart thing to do. Show how sustainable thinking can boost the bottom line through more innovation, better products, and greater efficiencies.

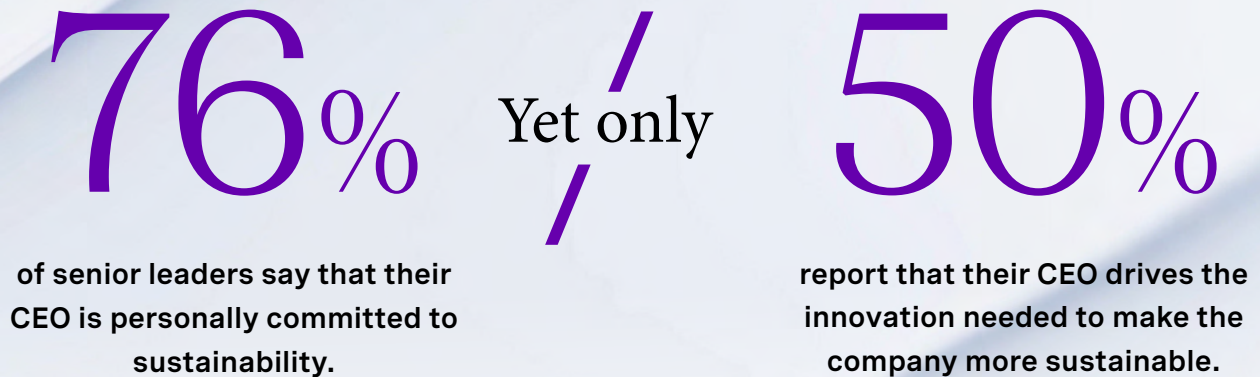
Focus on the issues that matter most. Carry out a “double materiality” assessment to understand how sustainability issues will impact your company’s

financial health and the areas where your business will have the most impact—both positive and negative—on the world. This will help you zero in on the issues that are most relevant to your organization and its stakeholders.

Connect to the core. Orient your sustainability strategy around your company’s core business and areas of current or future competitive advantage. Don’t sideline sustainability to specific people or departments. Integrate it across strategy and operations and anchor it to your purpose.

Communicate the “why and how.” Ensure that sustainability flows across all strategic decisions, such as investments, product launches, choice of suppliers etc. Make it a living, breathing thing that is seen, heard, and felt across every function and operational level.

The Leadership Divide



While CEOs are committed to sustainability action, they often lack the vision and courage that's needed to truly pivot their organization toward a more sustainable future. We call this the **Leadership Divide**.

Global evidence of the Leadership Divide.

Our research shows that senior leaders think their CEOs perform relatively well when it comes to infusing sustainability across strategy and including stakeholders in decision-making. Yet, they are less confident that their CEOs possess the disruptive mindset that's needed to truly transform their organization.

Regionally, senior leaders in Sweden are most likely to say their CEO possesses this trait (65%), followed by the UK (57%).

Conversely, senior leaders in Australia and New Zealand are most skeptical, with just 39% of senior leaders believing their CEO has a disruptive mindset.

Thinking about your CEO, how do you rate them on the following attributes?

% of senior leaders selecting "Very Strong/Strong"

Global Total - Senior Leaders



Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders ¹

Why the Leadership Divide matters.

Sustainability transformation is no easy feat. In a business world that often favors short-term gains over long-term change, true sustainability action requires vision, complex trade-offs, and courage. Our research shows that when leaders possess an innovative mindset, they are much more likely to have made progress on sustainability.

- ▶ Senior leaders who feel their CEO is good at setting aspirational sustainability goals to transform the organization into a more sustainable business are **3.7x more likely to report that progress has been made and will continue to be made.**
- ▶ Senior leaders who feel their CEO is good at making bold investments to drive the innovation needed to make the company more sustainable are **3.2x more likely to report that progress has been made and will continue to be made.**
- ▶ Senior leaders who feel their CEO actively works to identify and mitigate unintended consequences of business strategy/operations are **3.1x more likely to report that sustainability progress has been made and will continue to be made.**



“While policies and processes provide solid structures for sustainability, it’s bold leadership that fosters a culture of sustainability and translates vision into action.”

David Lange,

Leadership Advisor, RRA, Chicago

The power of bold, courageous leadership in driving sustainability results.

Across the world, there are examples of CEOs who possess the courage to challenge the status quo and rally stakeholders towards a sustainable future. These CEOs know the greatest risks lie not in failure, but in inaction.



Søren Skou
CEO, Maersk

With the shipping industry responsible for around 2.5% of greenhouse gas emissions, Søren Skou, CEO at Maersk, invested \$2bn in 12 full-sized green containerships. The only problem? He did not yet know where to find the methanol to power them. He forged ahead anyway, and, in the end, achieved this epic moonshot. Among the solutions, was a partnership with Ørsted and several other companies to develop a hydrogen and e-fuel production facility by 2025. When fully operational, this facility will deliver more than 250,000 tons of sustainable fuels for busses, trucks, airplanes, and, of course, ships.

“All those problems at the start that we thought were so huge we had no idea how to overcome turned out not to be so insurmountable.”



Svein Tore Holsether
CEO, Yara
International

Norwegian chemicals company Yara International invested \$15m on an autonomous, all-electric ship, The Yara Birkeland. Tipped as the world's first emission-free container ship, the Yara Birkeland is expected to replace around 40,000 truck journeys each year between the company's fertilizer production facility in southern Norway to the northern port of Brevik (cutting about 1,000 tons of carbon emissions). But with maritime regulations on autonomous ships yet to be written, the company must still navigate a host of challenges, including legal liabilities in different territories. Yet Svein thought it was a risk worth taking.

“I'd rather be fired for taking too much of a risk and making a mistake than not acting soon enough.”

Source: [Sustainable Leadership](#), Russell Reynolds Associate, 2021

Closing the Leadership Divide.

Progress on sustainability is, for many organizations, a large transformational undertaking that takes time. Delivering on this requires CEOs and their leadership teams to make bold investments and changes that may not yield near-time results—and to persevere in the face of criticism.

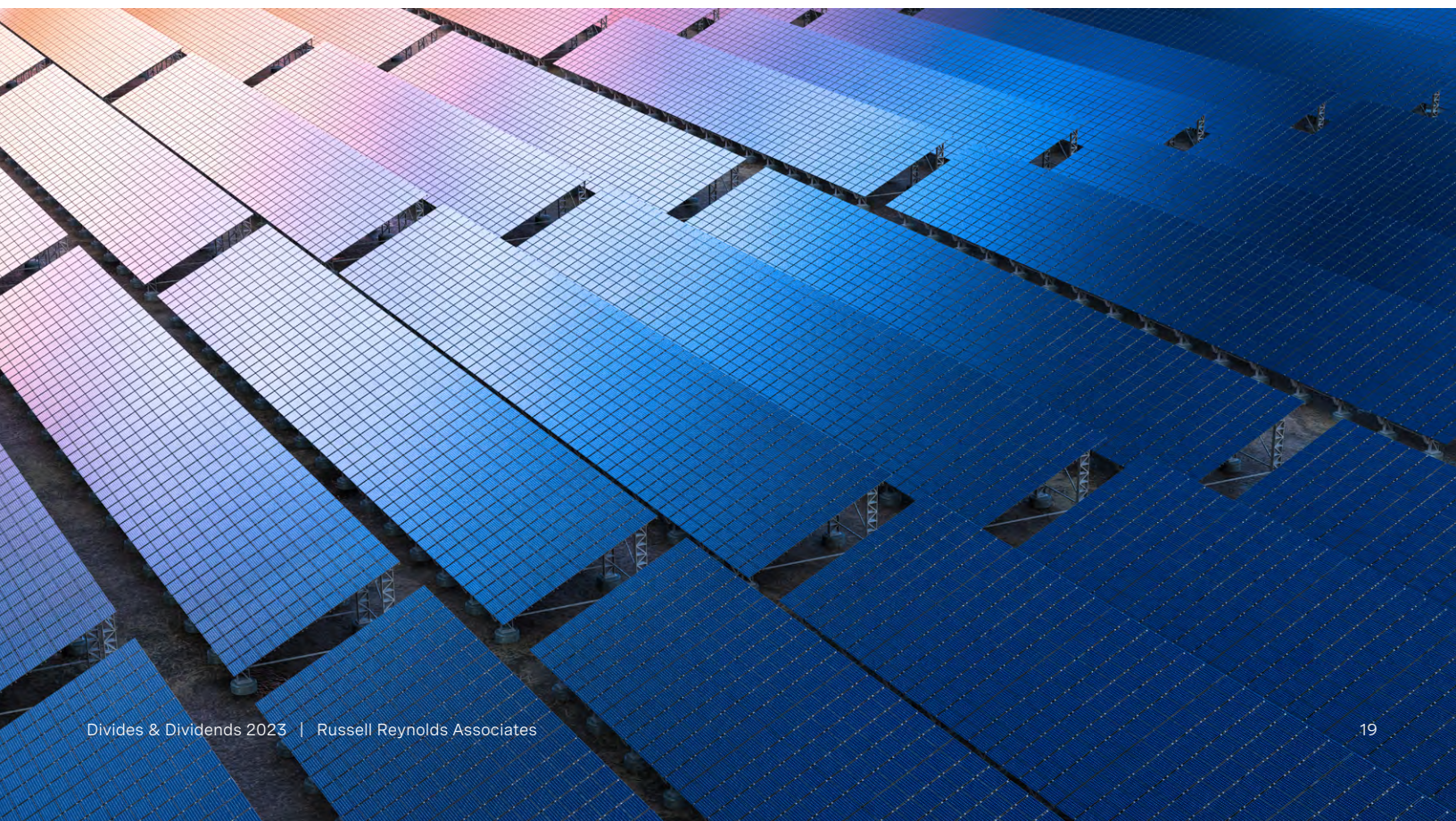
Develop sustainable leadership muscles. Understand what it truly takes to transition a business to a more sustainable future. The skills that worked in the past may not help in the future. Assess and shore up deficiencies in your own leadership attributes, mindsets and competencies, as well as those of your top team. This can be achieved through coaching, external development programs, internal developmental roles and experiences, and acquiring great sustainability talent from the external market.

Resist being a 100-percenter. You will lose the race if you try to get everything perfect before acting. Challenge traditional approaches and be willing to disrupt your business and industry. But don't confuse

risk-taking with recklessness. Seek out the best available science, employ analysis, research, and calculation, and then shoot for the moon.

Take a fresh look at your leadership team. Who is on your leadership team and how that leadership team operates together has the potential to enable or torpedo progress. Take a candid view of your top team's perceptions of sustainability. Identify issues that may contribute to an unwillingness or inability to make it a core strategic objective, such as deference to hierarchy, risk aversion, or being stuck in the past.

Invest deeply in stakeholder engagement. Engage and listen to stakeholders who are not typically part of the decision-making process to more fully understand the opportunities for sustainability action to create value. Invest in getting the board and executive teams aligned and continually rowing in the same direction. Be clear in your value proposition with investors, set clear goals, and communicate consistently about progress along the way.



The Accountability Divide

83% Yet only 35%

of senior leaders are confident about meeting sustainability targets.

say that they have clear sustainability objectives.

In the rush to make visible commitments to sustainability and set ambitious goals, organizations are overlooking a critical step: ensuring their executive teams are incentivized to make change happen—and stick. We call this the **Accountability Divide**.

Global evidence of the Accountability Divide.

Organizations are missing multiple opportunities to hold executives accountable for sustainability action—whether that's tying executive compensation to sustainability results, creating clear sustainability KPIs, or ensuring sustainability is part of their day jobs.

Regionally, senior leaders in the UK are most likely to say they have clear sustainability-related metrics

(49%), followed by those in France (45%). Likewise, UK senior leaders are also most likely to say their compensation is tied to sustainability outcomes (42%).

Conversely, leaders in Germany are least likely to have clear sustainability-related metrics (32%), while leaders in the US are least likely to have their compensation tied to sustainability outcomes (28%).

Most senior leaders are not held accountable for sustainability action.

Which of the following statements apply to you?

% of leaders selecting each response

Global Total - Senior Leaders



Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders ²

Why the Accountability Divide matters.

The adage is true: What gets measured, gets managed. This is an important lesson to heed as you make the bold transition to a sustainable future.

When everyone at your organization understands the role they play in making change happen—and are held accountable for progress—sustainability becomes truly integrated across strategy, decision-making, and resource allocation.


In fact, our research shows a clear link between executive accountability for sustainability and progress on sustainability goals.

▶ Senior leaders who frequently discuss sustainability objectives with their team are **1.6x more likely to report that sustainability progress has been made and will continue to be made.**

▶ Senior leaders who feel personally accountable to sustainability objectives **1.6x more likely to report that sustainability progress has been made and will continue to be made.**

▶ Senior leaders whose impact on sustainability/ESG goals or metrics is part of their performance appraisal metrics are **1.6x more likely to report that sustainability progress has been made and will continue to be made.**

▶ Senior leaders with clear sustainability objectives as a leader are **1.5x more likely to report that sustainability progress has been made and will continue to be made.**



“Without systems to hold executives accountable, organizations’ sustainability actions are at risk of becoming token gestures, rather than catalysts of real change.”

Sarah Galloway,

Leadership Advisor, RRA, London

How world-leading organizations are holding executives accountable for sustainability.

Sustainability front-runners are enforcing clear, measurable sustainability targets for their executive teams. They recognize that holding leaders responsible for sustainable actions cultivates a culture of accountability—and action.

Natura

Natura, widely considered as one of the most sustainable companies on the planet, ties executive compensation to sustainability goals. The leadership is continually challenging itself. And each year, Natura's metrics for success get more sophisticated and demanding.

Natura's CEO João Paulo Ferreira shared how one year the company's financial targets were met but the sustainability goals were not, so no one got a bonus that year. "That's how you embed a sustainability goal; that's how they know it's important." It was the first and last time they missed their sustainability targets.

3M

Internally, **3M** holds its individual business units accountable for innovating on better products for the consumer and the environment by introducing sustainability KPIs into its new product development and launch process. Beginning in 2019, 100% of the company's new products (approximately 1,000 per year) are required to have a Sustainability Value Commitment that demonstrates how the product drives impact for the greater good. The company measures the impact of this commitment and publicly reports on it annually to ensure transparency.

Source: [Sustainable Leadership](#), Russell Reynolds Associate, 2021

Closing the Accountability Divide.

CEOs cannot rely on a strong vision alone; they must be clear about their expectations of their leadership team to drive progress and how they will be held accountable. Top leaders should think about accountability both in the form of performance management and social proof.

Make sustainability everyone's job. Start at the top of the house by translating enterprise-wide sustainability goals into concrete, specific, and measurable objectives that leaders can feel in their day-to-day work.

Connect organizational targets to individual and team-level objectives. Set high expectations

that C-suite leaders and department heads will be held accountable for meeting your organization's sustainability targets. How this gets implemented will vary from company to company, with linkages to compensation being more appropriate for some than others. But accountability should start by embedding sustainability across everyone's KPIs and ensuring that individual and team-level objectives connect to the enterprise sustainability strategy. Don't forget to reward and promote those who lead sustainably.

Harness social proof. Drive accountability and action by highlighting and discussing the work of leaders who have meaningfully contributed to organizational sustainability goals. Ensure sustainability goals are also a core and frequent component of performance discussions of leaders and functions.

The Mobilization Divide

63%

of employees say they're motivated to find ways to improve the sustainability of their organization.

Yet only

10%

frequently discuss sustainability objectives with their manager.

Employees are ready (and eager) to play a leading role in transitioning their organizations toward a more sustainable future. Yet our research shows senior leaders are missing multiple opportunities to harness employees' collective potential to accelerate sustainability action. We call this the **Mobilization Divide**.

Global evidence of the Mobilization Divide.

Regionally, US employees are most likely to say they have the resources they need to push ahead with sustainability action (52%), while employees in Sweden are least likely to make this claim (36%).

Employees in Sweden are also least likely to say they feel empowered to create and test innovative sustainability solutions (35%), while employees in Spain are most likely to agree with this statement (58%).

Senior leaders are missing opportunities to mobilize employees around sustainability.

Which of the following statements apply to you?

% of employees selecting this option

Global Total - Employees



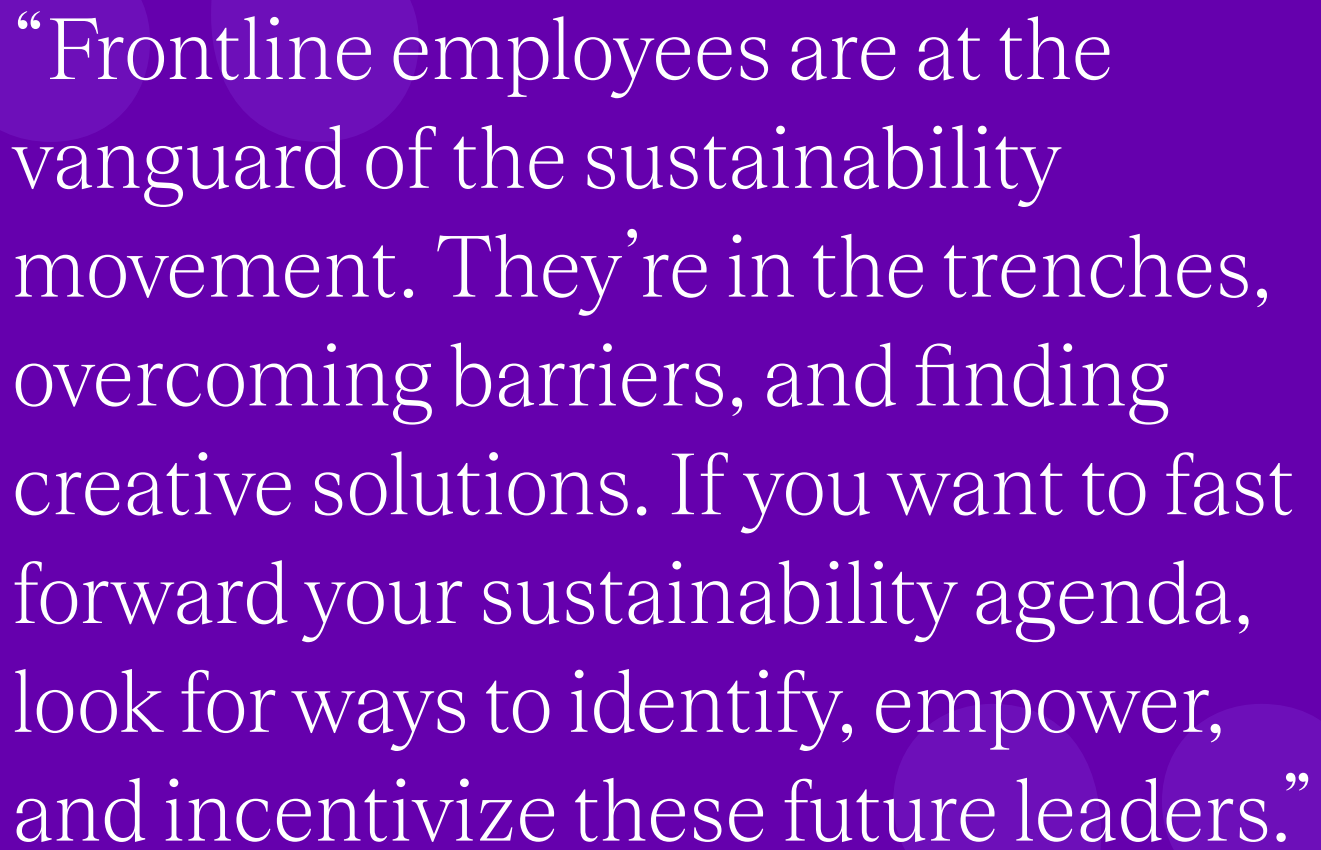
Source: RRA Divides & Dividends Survey 2023, N = 3,813 global senior leaders ³

Why the Mobilization Divide matters.

Bringing employees along on your sustainability journey is a strategic opportunity for you to magnify the impact of your sustainability investments. By harnessing their collective sense of purpose, you'll move much faster toward your sustainability vision.

Our research shows that organizations that score highly on employee engagement are much more likely to have made progress on sustainability.

- ▶ Employees who have the resources they need to effectively advance the sustainability objectives of their company are **1.9x more likely to report that sustainability progress has been made and will continue to be made.**
- ▶ Employees who feel empowered to create and test innovative sustainability solutions are **1.7x more likely to report that sustainability progress has been made and will continue to be made.**
- ▶ Employees who feel empowered to make processes, products, or services more sustainable are **1.7x more likely to report that sustainability progress has been made and will continue to be made.**



“Frontline employees are at the vanguard of the sustainability movement. They’re in the trenches, overcoming barriers, and finding creative solutions. If you want to fast forward your sustainability agenda, look for ways to identify, empower, and incentivize these future leaders.”

Clarke Murphy,

Leadership Advisor and former CEO, RRA, New York

How world-leading organizations are bringing employees along on sustainability.

Best-in-class organizations are giving next-generation leaders the tools they need to turn their passion for sustainability into productive action. They hear them, give them access to training, tools, and resources, and then reward them with more responsibilities and larger roles.

Heineken

Heineken runs an annual sustainability contest that's open to any employee in Mexico under the age of 30. Each person has five minutes to pitch an idea for renewables or circularity. The best five concepts are selected for the attention of senior management, who then choose a winner to fly to the Netherlands to participate in the Nudge Global Impact Challenge.

Dolf van der Brink, Heineken's CEO and Chairman, sees it as a chance to not only identify the next generation of sustainable leaders but also to gain insights on potential sustainability practices and innovations from executive and management-track employees with direct experience at all levels of the supply chain.

Year after year, "we were inundated," Dolf told us. And not only were many of the ideas good, they were practicable, having been carefully mapped out in ways that could easily be implemented.

"I asked myself ... How do you operationalize sustainability? How do you mobilize the whole organization around it?"

Source: [Sustainable Leadership](#), Russell Reynolds Associate, 2021

Closing the Mobilization Divide.

Strategic goals (sustainable or otherwise) are harder to achieve when your workforce is not engaged. Organizations are human enterprises. While leaders may provide the direction to steer the ship, it is the capability, capacity, and motivation of those who work alongside them to crew it that determine forward progress.

Tap into employees' ingenuity. Frontline employees are often the first to spot opportunities for more sustainable processes, products, and services. Provide employees with resources and incentives to come up with sustainable solutions. And create forums where those ideas can be heard, evaluated, and implemented. Even in the junior ranks, associates can be powerful forces for positive change, collectively and individually. Support their development.

Resource the passion. Give employees the tools, resources, and data they need to turn their sustainability motivation into productive action. Hear them, develop them with skills training and exposure to other areas of the business, and empower them to implement relevant sustainability objectives in their roles.

Reward success. Set out the metrics for sustainability success and reward employees who help move the needle with more responsibilities and larger roles. But remember that this goes beyond financial compensation. Recognize their pride and balance tangible rewards with the intangible. As a leader, you will win the sustainability transition when you treat your talent as the invaluable resource they are.



How RRA Can Help

Challenges

RRA solutions

Find sustainable leaders



- Missing sustainable leadership in C-suite and board
- Missing functional leadership to integrate and execute sustainability strategies



- Identify and assess CEOs, board and C-suite leaders for a sustainable mindset and leadership capability
- Identify and assess leaders for sustainability-oriented business units
- Identify and assess Chief Sustainability offices and Heads of ESG

Assess & coach leaders



- Need insights into the potential of current and future sustainable leaders
- Need tailored coaching for new and transitioning leaders



- Assess and develop sustainable leadership capability in executive teams
- Coaching and transition support for sustainable leaders
- Embed sustainable leadership into succession planning and performance evaluation frameworks

Embed sustainability across your top team



- Need to improve cross-functional coordination of sustainability strategies and initiatives
- Need to integrate sustainability into performance frameworks and succession



- Build a Top Team culture to engage with the complexities of sustainability
- Use Culture Analytics to understand how culture can hinder or enable the sustainability journey

Embed sustainability across your board



- Need to strengthen sustainability governance
- Need to ensure sufficient board expertise to govern sustainability



- Analyze stakeholder priorities and identify opportunities to strengthen board oversight of ESG risks and opportunities
- Assess strengths and weaknesses of board composition against sustainability strategy
- Assess board culture, structure, and director onboarding/education vis-à-vis sustainability strategy

Embed sustainability skills, at scale

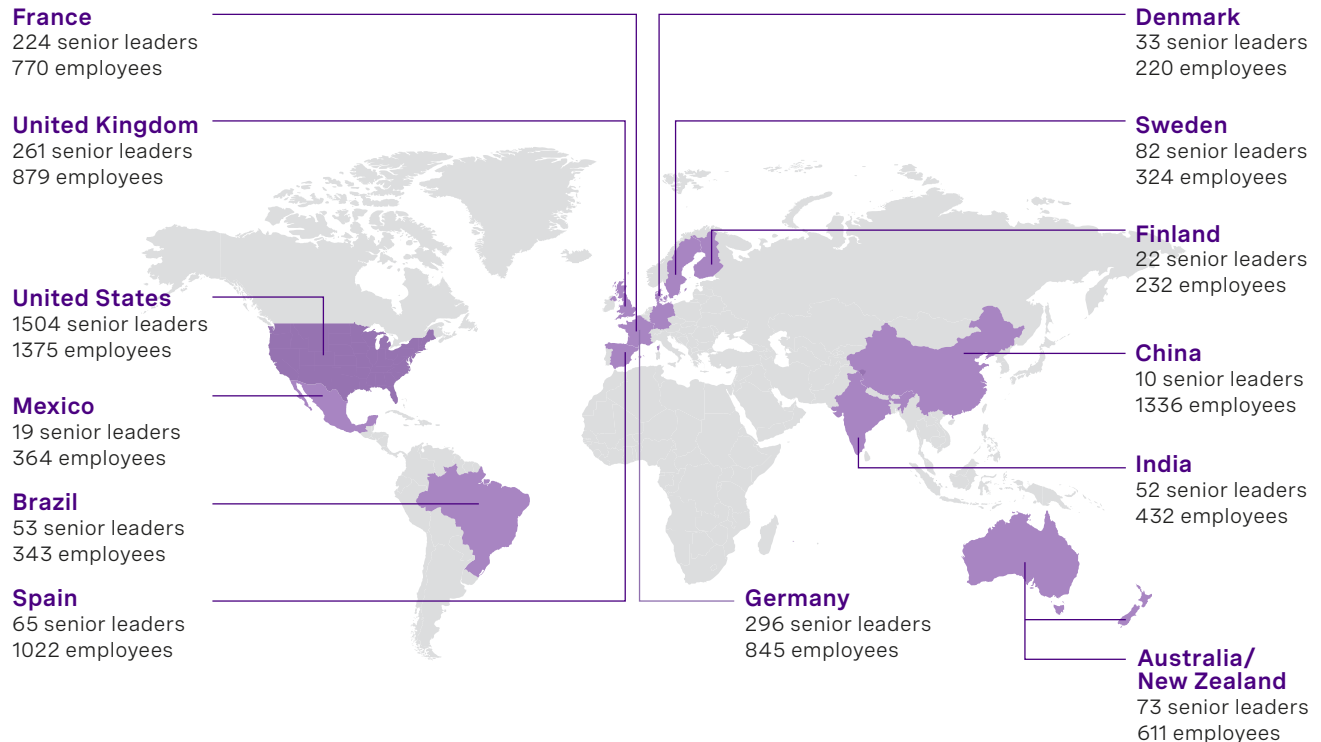


- Need to up-skill large groups of leaders to ensure consistent approach to sustainable leadership



- RRA-MIT Sustainable Leadership immersive executive education program
- Bespoke cohort training and development programs

Methodology



Divides and Dividends explores the extent to which organizations are integrating sustainability into their business strategy and operations and what actions are linked to perceptions of progress.

It is based on an online survey of **3,813** senior leaders and **8,753** employees across **104** countries, which was carried out between May 2, 2023 and May 18, 2023.

Samples are weighted by country gross domestic product in USD based on 2022 International Monetary Fund statistics.

Not all percentages in charts add up to 100% as a result of rounding percentages and the decision in certain cases to exclude the display of certain groups and "neither/nor," "other," "none of the above," and "don't know" responses.

Audience definitions



Senior leaders Employees

Includes CEOs, C-suite level executives, and next-generation leaders (those reporting directly to the C-suite).



Employees

Includes currently employed managers and individual contributors.

Footnotes

1. For the survey item "Has your CEO, or equivalent leader, personally committed to advancing sustainability in your organization?", the percent of respondents selecting the answer options is shown for the following answer options:

- Yes, the CEO is personally committed to advancing sustainability, and organizational progress has been made.
- Yes, the CEO has expressed support for advancing sustainability but not yet acted.

For the survey item "Thinking about your current CEO, how do you rate them on the following attributes?", the percent of respondents selecting "Very Strong/Strong" is shown for the following answer options:

- Aims to positively impact social and/or environmental outcomes when setting strategy.
- Actively works to identify possible unintended consequences of business strategy/operations in the broader eco-system and appropriately mitigate them.
- Actively seeks diverse perspectives from stakeholders (employees, customers, government, communities, etc.) in decision-making and/or problem solving.
- Sets aspirational sustainability goals that are designed to transform the organization into a more sustainable business.
- Makes bold investments to drive the innovation needed to make the company more sustainable.

2. For the survey item: "Do you think your organization has become more sustainable recently, and do you expect it to become more sustainable in the future?", the percent of respondents selecting the answer option is shown for the following option:

- We have become more sustainable recently, and do think we will keep making progress.

For the survey item: "Which of the following statements apply to you?", the percent of respondents selecting each option is shown for the following answer options:

- My compensation is in part tied to my impact on sustainability (environmental, social, and governance) goals/metrics.

- My impact on sustainability (environmental, social, and governance) goals/metrics is part of my performance appraisal metrics.
- I have clear sustainability-related objectives as a leader.
- My sustainability-related objectives are measured against clear performance metrics.
- In my work, there are specific processes or protocols that ensure sustainability is considered in the execution of projects/processes/investment decisions.
- I feel my peers/team hold me accountable to sustainability objectives.

3. For the survey item: "Which of the following statements apply to you?", the percent of respondents selecting each answer option is shown for the following answer options:

- I frequently discuss sustainability objectives with my manager.

For the survey item "Reflecting on your experience in your current role, to what extent do you agree or disagree with the following statements?" the percent of respondents selecting "Strongly Agree/Agree" for each answer option is shown for the following answer options:

- I have access to the information I need to make good decisions.
- I feel empowered to create and test innovative sustainability solutions.
- I feel I have a significant impact on the sustainability objectives of the organization in my role.
- I have the resources I need to effectively advance the sustainability objectives of my company.
- I have the agency to make decisions that make processes, products, or services more sustainable.
- I have clear sustainability-related objectives in my role.

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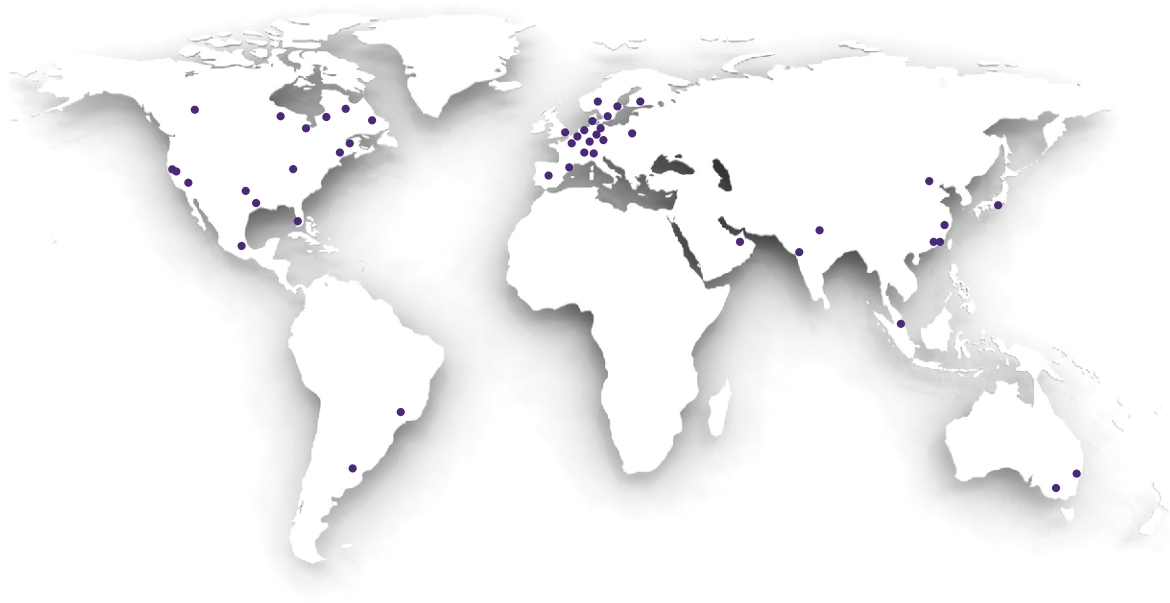
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About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 600+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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