



Fujitsu Future Insights

FUJITSU

Accelerating sustainability with a digital-first approach

Global Sustainability Transformation Survey Report 2022



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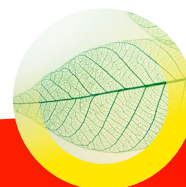
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Introduction



Environmental, social and economic sustainability is a pressing issue that individuals, businesses, and governments have to address. Sustainability is now not only a matter of corporate differentiation, but also a matter of survival.

In February 2022, Fujitsu commissioned Forrester Consulting to conduct a survey to explore the state of sustainability transformation* and how digital transformation* is enabling this change. This survey also seeks to understand the critical challenges that organizations face in sustainability transformation and how organizations are approaching sustainability transformation through their corporate purpose, human empowerment, technology and ecosystem collaboration. To explore this subject, Forrester conducted an online survey with 1,800 decision makers across in nine countries, from organizations with a sustainability strategy. In addition, 23 in-depth interviews were also conducted with C-level executives of organizations that are interested in developing their sustainability strategies.

The survey findings revealed that sustainability is becoming a top business priority. While many organizations have already embarked on their sustainability transformation, their maturity still has ways to go. A strong interdependency between digital transformation and sustainability transformation was also found, with decision makers identifying that digital transformation is key to building their sustainability initiatives.

*Please see the terminology on the next page

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022

Terminology and related documents



Sustainability transformation

Sustainability transformation means transforming business to bring about positive change in our environment, society and economies. Examples include the reduction of energy usage and CO₂ emissions through continuous monitoring and the reduction of waste by implementing end-to-end traceability.

Digital transformation

Digital transformation means transformational change of business processes or models using digital technologies. Digital technology includes technologies such as cloud, mobile, Internet of Things (IoT), advanced analytics, artificial intelligence (AI), and security.

Fujitsu Technology and Service Vision (FT&SV)

Fujitsu Technology and Service Vision is an evolving story, describing the future we want to create together with our customers and partners, the ways that technology can empower people to drive the vision, and the actions we need to take now. To know more about Fujitsu's perspectives on the key issues found in this survey, please have a look at the following website and download the documents.



URL: <https://www2.fujitsu.com/global/vision/index.html>

Key findings



Sustainability is becoming a top business priority for decision makers. The priority of sustainability has risen sharply over the past two years. 41% of respondents now consider sustainability as one of their top three management priorities.

Sustainability transformation is in its early stages of maturity. In our survey, we found that only 5% of organizations had truly mature sustainability transformation capabilities and can be considered sustainability transformation leaders. On the flip side, a significant 54% of organizations have yet to execute on sustainability initiatives and are categorized as being non-active.

Digital transformation is a key enabler for sustainability transformation. Our survey highlighted the critical role that digital capabilities will play in driving sustainability transformation. We found that sustainability-mature organizations are also mature in their digital transformation, with strong data-driven business capabilities and agile practices to enable effective scaling of initiatives.

A greater internal alignment and engagement is still needed at scale. To tightly integrate sustainability with digital transformation practices, organizations need to mobilize sustainability vision and strategies beyond their C-suite, prioritizing the required technologies, processes and ecosystems development across their organizations.

Chapter

1

Sustainability as a management priority





Sustainability is becoming a top business priority

We face global environmental, social and economic crises from climate change and biodiversity loss, through to inequality and an aging society. Predicting and preparing for the future has never been more difficult. Global efforts need to be taken across the public and private sectors to make the necessary change required to address these challenges.

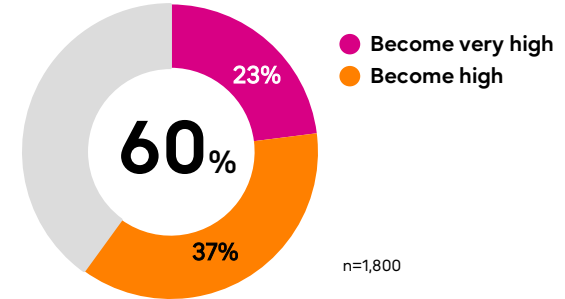
To deliver these changes, significant efforts are being made with institutions like the United Nations, as represented by the SDGs, as well as individual governments designing critical policies and guidelines for change.

Organizations have in turn been creating independent agendas on ways they can individually contribute to sustainability goals. The survey found that sustainability is now a higher priority for 60% of the surveyed organizations compared to two years ago. Additionally, 41% of respondents consider sustainability as one of their top three management priorities.

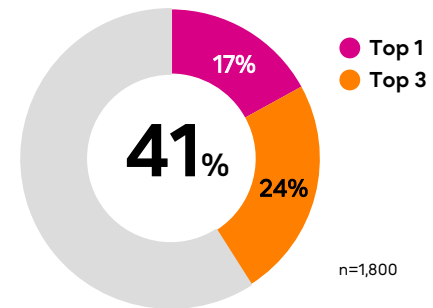
A deputy director of ICT at a public healthcare organization in the UK said:

“There is a strong external push for sustainability. Sustainability awareness has improved a lot in the past 1-2 years in the UK’s public health system, driven by government regulations and cost efficiency. Sustainability criteria are now built into new business cases, which are easier to justify if the sustainability element is strong.”

Change in the priority of sustainability in your organization over the last 24 months



Sustainability is top 3 management priority





Consumer sentiment and global regulatory rigor are driving sustainability efforts

External influences are driving businesses to prioritize sustainability. 54% of surveyed decision makers are looking at the growing awareness of sustainability among younger generations. Millennials and Generation Z* account for about 60% of today's working age population. In order to attract and retain talent, organizations need to build empathy with these generational groups. In fact, 43% of respondents believe that improving their sustainability practices will enhance the value of their products and services and increase their brand value. 39% say their customers expect them to contribute to improving sustainability, driving them to crystalize sustainability initiatives.

On the other hand, almost half (49%) consider regulatory changes as a key driver, while 28% are also under pressure from investors to report an ESG vision and goals.

In summary, organizations are accelerating their sustainability initiatives in response to increasing demands from their key stakeholders.

*In this document Millennials is defined as the generation born from 1981 to 1996, and Generation Z is defined as the generation born from 1997 to 2012.

Reasons that the priority of sustainability has risen

- | | | |
|---|--|-----|
| 1 | Younger generations are aware of sustainability and have a real impact on business | 54% |
| 2 | Response to government regulations and guidelines | 49% |
| 3 | Improving sustainability increases the value of products and services and the brand value of an organization | 43% |
| 4 | Consumers and customers expect organizations to contribute to improving sustainability | 39% |
| 5 | Improving sustainability provides new business opportunities. | 33% |
| 6 | Improving sustainability is necessary to be selected as an ecosystem partner. | 29% |
| 7 | ESG (environmental, social, and governance) investment is becoming important among investors. | 28% |
| 8 | Improving sustainability is important in attracting and retaining talent. | 20% |

n=1,093

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022



Organizations are looking to create sustainable value

The survey identified a wide range of organizational objectives to improve sustainability.

A chief information officer in a public authority in Australia highlighted the importance having a broader view of sustainability:

“There's increasing customer expectation that we not only perform our role in managing water but also in terms of how we manage societal obligations... Previously the drive had more of an operational and compliance focus, but now there is broader view of sustainability in the context of the climate crisis.”

In our survey, 41% of decision makers cited that they are focusing on contributing to the sustainable use of energy, while 26% have prioritized response to climate change. 31% of organizations are working to decrease waste and promote recycling, while 25% of respondents are contributing to the recovery of natural resources and biodiversity.

Organizations are also focused on creating a better society and working environment. 40% of decision makers build their objectives around improving people's well-being. Greater safety and security for people is another key objective mentioned by 37% of respondents, while 21% are working on improving workplace and work life balance.

Specific objectives to improve sustainability

1	Contribute to sustainable use of energy	>	41%
2	Improve people's well-being	>	40%
3	Provide greater safety and security for people	>	37%
4	Decrease waste and promote recycling	>	31%
5	Respond to climate change	>	26%
6	Contribute to the recovery and preservation of natural resources and biodiversity	>	25%
7	Improve workplace and work life balance	>	21%
8	Improve supply chain traceability	>	18%
9	Contribute to the development of economy and industry	>	15%
10	Contribute to a smart/sustainable city	>	10%

n=1,712

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022



Chapter

2

Maturity of sustainability transformation





The journey of sustainability transformation has already begun

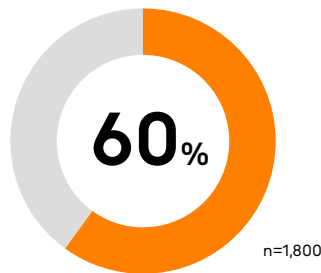
Significantly, many organizations are working to create a positive environmental and social impact through their products and services. 60% of surveyed organizations have proactively transformed their process of production, while 45% have proactively transformed the value of their products and services to make a positive sustainability impact.

Non-financial metrics are also beginning to play a larger role in terms of measuring the impact of their sustainability initiatives, with 79% of the surveyed organizations evaluating performance of their sustainability approaches through a set of non-financial KPIs.

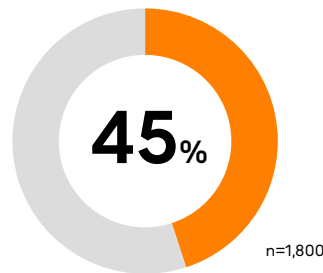
A head of IT (Japan) for a pharmaceutical manufacturing organization commented:

"In our organization, employees understand the importance of sustainability. For example, the executive team frequently covers this topic during town hall sessions. As a result, our employees naturally understand that this is an important priority for us."

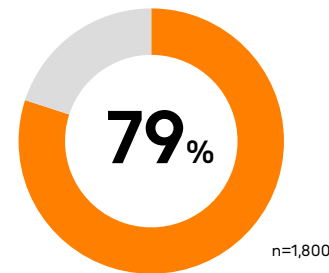
Proactively transforms the process of producing our products and services to make a positive impact to the environment and/or society.



Proactively transforms the value of our products and services to make a positive impact to the environment and/or society.



Evaluates the performance of its sustainability approach by evaluating its impact through a set of non-financial KPIs.

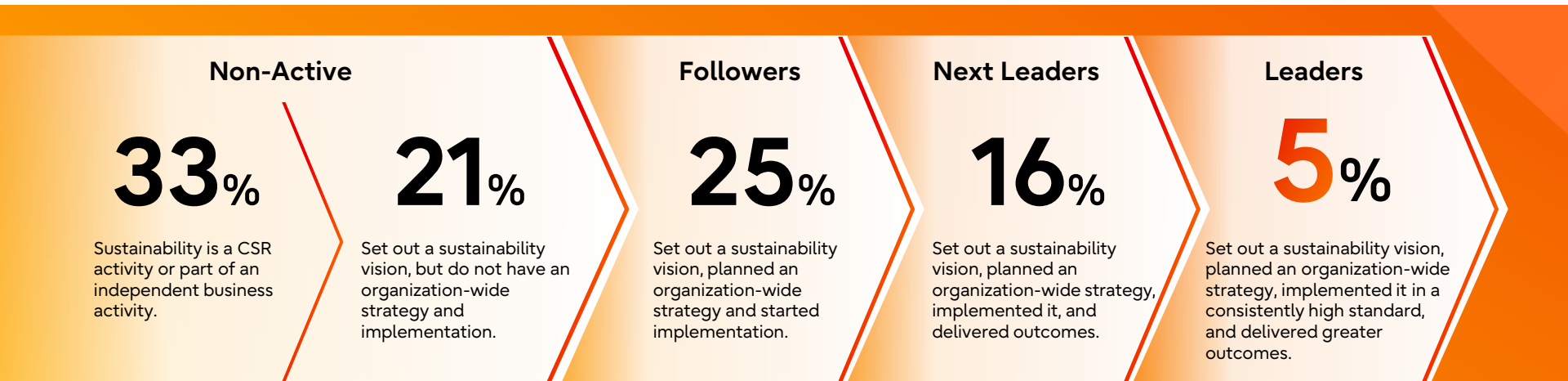




Sustainability maturity still has a way to go

Although organizations have begun to prioritize sustainability, the maturity of their actual sustainability practices vary widely. In our survey, we found that 21% of organizations have already begun to execute an organization-wide sustainability vision and strategy, delivering practical outcomes. However, only 5% can be defined as true sustainability transformation leaders, executing mature sustainability transformation practices in all key aspects.

On the flip side, a significant 54% of organizations have yet to execute on a sustainability strategy and are categorized as non-active. They are either still building their vision or only considering sustainability as a part of their CSR activities.



Critical success factors for sustainability transformation

What can we learn from organizations that have successfully delivered outcomes in their sustainability transformation? Our survey has revealed that sustainability transformation leaders have higher maturity scores in these four elements. Conversely, organizations that have yet to engage in sustainability transformation are operating at the lowest level across all four elements.



Purpose Driven

Setting out a sustainability-oriented purpose and executing an organization-wide strategy under the strong leadership of the CEO.



Human Centric

Empowering employees to deliver sustainability innovation and building a culture of trust and empathy.



Data Driven

Using data and digital technologies to transform business processes and develop sustainability innovation.



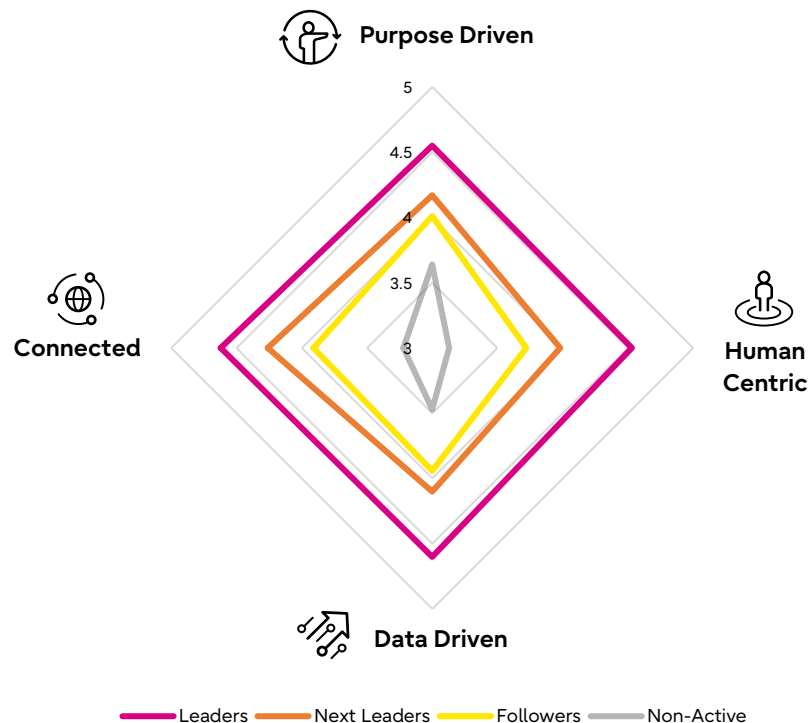
Connected

Establishing an open ecosystem to create sustainability value with partners.

We believe that these four elements are the key success factors for sustainability transformation.



Sustainability transformation leaders show higher maturity score across four key elements





The best practice of sustainability leaders

Leaders in sustainability transformation demonstrate distinct characteristics in purpose driven, human centric, data driven and connected ways of conducting business. Organizations can learn from these practices to accelerate their own sustainability initiatives.



Purpose Driven

The CEO's leadership is key to integrating sustainability into their corporate strategy and execution.

- Sustainability transformation leaders create a corporate purpose closely related with sustainability.
- 95% of these leaders indicated that their CEOs talk passionately about their corporate purpose and encourage all employees to take actions to achieve it.
- 91% of these leaders evaluate the performance of their sustainability approaches through a set of non-financial KPIs.



Connected

Collaborative ecosystems are essential to resolving difficult sustainability challenges.

- Sustainability transformation leaders are actively developing open ecosystems, including partnerships with public and private entities.
- These collaborations involve sharing trusted data as well as goals and KPIs to co-create sustainability value.



Human Centric

It is important to develop skilled people and build a sustainability culture.

- Sustainability transformation leaders have developed the skills needed to strategize and execute their sustainability initiatives effectively. This can be achieved not only by helping employees to acquire relevant skills, but also through developing greater diversity and inclusion across their organizations.
- It is also very important to build a culture of trust and empathy, enabling employees across organizations to proactively contribute and share their ideas and collaborate in realizing sustainability innovations.



Data Driven

Clearly, data and digital technology capabilities are key enablers of sustainability transformation.

- Sustainability transformation leaders use data and digital technologies to create new solutions, continuously improving sustainability value with more mature practices than their industry counterparts.
- They also transform business processes to improve sustainability. For example, 80% of them are using data and digital technologies to monitor CO₂ emissions through their value chain.

Delivering sustainability value for all

In addition to positively impacting financial measures such as revenue, profit and market capitalization, most of the surveyed organizations leading in sustainability transformation stated that their sustainability transformation activities have improved value for society, their shareholders, employees, customers and the environment. In Fujitsu Technology and Service Vision 2021, we predicted that Business to Everyone (B2E), a new organizational model that maximizes value for multiple stakeholders as well as the environment, is emerging. These sustainability leaders can be considered the early adopters of the B2E model.



Sustainability transformation leaders have delivered value to multiple stakeholders and environment over the last 24 months

Improved social value

Enhance equality, health, safety of society, etc.

82%

Increased financial value

Increase revenue, improve efficiency, reduce costs, etc.

81%

Increased shareholders' value

Improve investment evaluation, stock value, etc.

80%

Improved employee value

Improve workstyle, health, skills, engagement, etc.

73%

Improved customer value

Improve customer experience, customer loyalty, brand value etc.

72%

Improved environmental value

Respond to climate change, contribute to biodiversity, reduce environmental burdens, etc.

71%

n=85 (Sustainability transformation leaders)

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022



Chapter

3

Digital-first sustainability



Digital transformation is key to enabling sustainability transformation

Our survey has validated that successful sustainability transformation and mature digital transformation go hand-in-hand.

Decision makers have already identified the importance of digital transformation. More than half of the surveyed organizations (56%) have already set out their digital transformation visions, planned their organization wide strategies and started implementation.

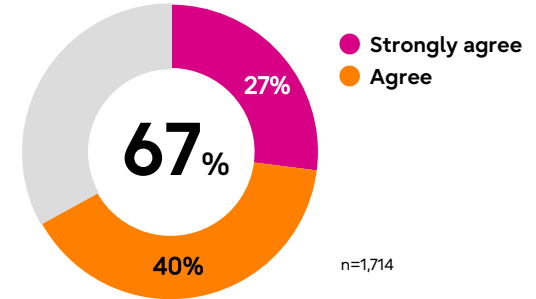
In light of this, 67% of the decision makers agreed that digital transformation will help their organizations implement sustainability transformation and deliver sustainability outcomes. In addition, 60% of the surveyed organizations are looking to increase investment in data and digital technologies to support their sustainability initiatives.

A director of an ESG and sustainability at a healthcare company in the USA mentioned:

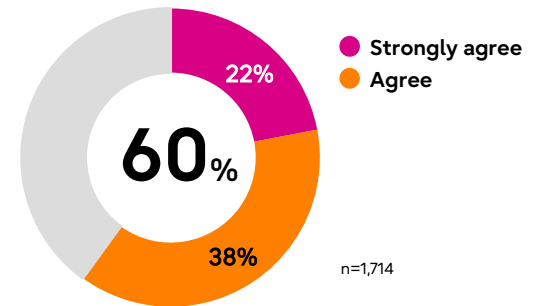
“The link between digital initiatives and sustainability initiatives is strong. To set an emissions target or goal, you need to first have good data as a starting point to support the goal setting. Digital transformation is a necessity and almost like a maturity process. Once you set the goals you can then use the digital solutions to help drive those goals.”



Digital transformation will help organizations to implement sustainability transformation



Plan to increase investment in data and digital technologies to support sustainability initiatives



Application of data and digital technology for sustainability

In our survey, we found that organizations applied data and digital technologies to improve sustainability across a wide range of use cases. For example, many organizations across various industries use digital technology to monitor CO₂ emissions, both within their organizations and through their value chains.

A director in healthcare in the USA commented:

"We use scalable data management to collect and track utility data and measure our performance against our goals, such as greenhouse emission gas. This becomes our single source of truth and makes it easier to justify our financial metrics and ROI."

Ensuring the safety of workers, recycling to reduce waste and enabling traceability are also common applications of digital technologies.

The survey also identified industry-specific use cases of digital technology for sustainability transformation. For example, public sector organizations are focusing on enabling more personalized, inclusive public services. The healthcare industry is using digital technology to introduce innovations like telemedicine, auto-diagnostics of medical images and IT-enabled drug discovery.

Application of digital for sustainability (Across industry)

- Monitoring CO₂ emission within the organization and through the value chain
- Ensuring safety of workers in the factory and field
- Enabling recycling to reduce wastes
- Ensuring traceability in the value chain

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022

Application of digital for sustainability (Industry specific)



Public Sector

Enabling more personalized, inclusive public services



Healthcare

Innovation through telemedicine, auto-diagnostics of medical images or IT-enabled drug discovery



Finance

Enabling financial inclusion



Energy/utilities

Enabling the smart grid or intelligent distribution of renewable energy

Sustainability leaders are also more digitally mature

Our survey revealed the strong correlation between the maturity of sustainability transformation and digital transformation.

As the diagram on the right shows, leaders in sustainability transformation have demonstrated greater capabilities of digital transformation than the other groups across all key practices.

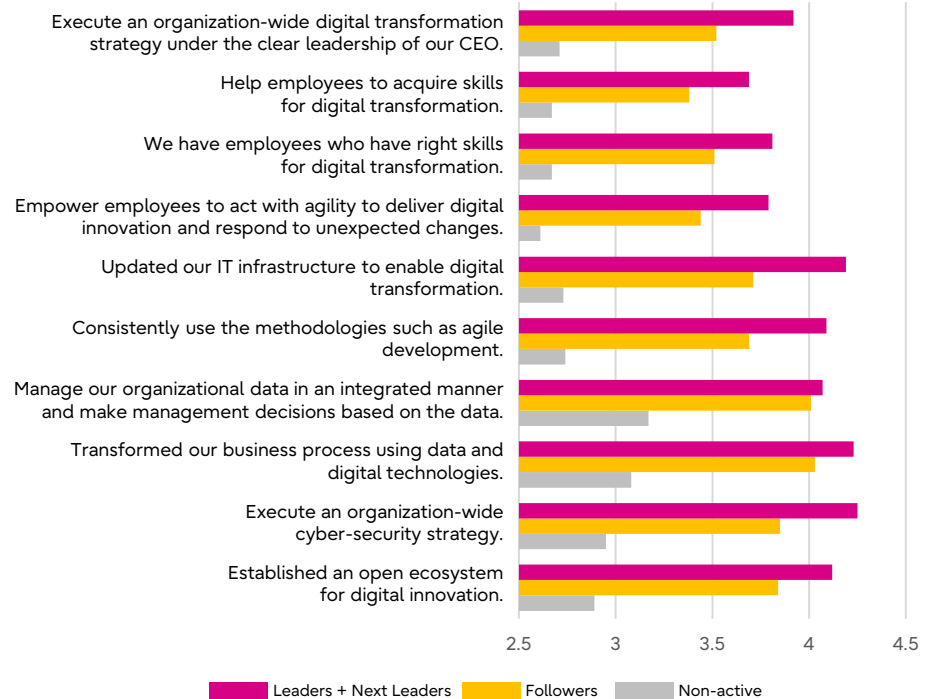
Sustainability transformation leaders execute their organization-wide digital transformation strategies under the clear leadership of their CEOs. They empower their employees to deliver digital innovation and respond to unexpected changes. Their organizational agility is supported by an updated IT infrastructure, as well as advanced technologies and use of data.

Digital transformation is not just about introducing new digital technologies into operations. It is also about fundamentally transforming the way organizations operate their businesses and continuously reinventing themselves. Digitally mature organizations are better prepared to transform their businesses to deliver sustainable innovation as well.



The leaders and next leaders in sustainability transformation also show the highest maturity in digital transformation

Maturity of digital transformation (maximum score is 5)



Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022



Chapter

4

Challenges and key recommendations



Strategic challenges need to be addressed

While the CEO's leadership is clearly a critical driver of sustainability transformation, leadership alignment remains a major challenge. In our survey, 38% of respondents believe that there is a lack of executive alignment on sustainability vision and execution. There also needs to be more trust established across the organization, as 35% cited internal resistance and skepticism as a key challenges in implementing their sustainability activities.

A strong emphasis on sustainability in the organizational culture has to be mobilized beyond the C-suite to reach across all employees. While corporate purpose is strongly recognized by the CEO and leadership team, a significant 43% of respondents believe their employees have yet to understand and resonate with their corporate purpose and take actions to achieve it. These foundations are necessary to drive organization-wide sustainability outcomes effectively.

Skills and infrastructure need to be developed to reduce the enormity of the task. 30% of decision makers consider the required sustainability transformation to be too complex to execute. To overcome this challenge, organizations have to help their employees to acquire the skills required to execute on their sustainability vision. From the technology standpoint, 24% of decision makers believe their technology infrastructure needs to be updated to support their sustainability transformation efforts.



Challenges of sustainability transformation

- | | | |
|---|---|-----|
| 1 | Lack of executive alignment on sustainability vision and commitment to activities of improving sustainability | 38% |
| 2 | Internal resistance and suspicion of such initiatives | 35% |
| 3 | The complexity and enormity of the required transformation | 30% |
| 4 | Current technology infrastructure cannot support the transformation efforts | 24% |
| 5 | Lack of budget and funding to support sustainability initiatives | 24% |
| 6 | Lack of solid business cases | 22% |
| 7 | Lack of adequate, reliable, and comparable data | 22% |

n=1,712

Source: Fujitsu's commissioned survey conducted by Forrester Consulting in February 2022



Managing financial and non-financial KPIs

Linking financial and non-financial KPIs requires comprehensive measurement and tracking. Justifying more significant investment in sustainability initiatives requires clear alignment of societal goals with business goals and profitability. However, C-level executives interviewed indicated that measuring the impact of sustainability initiatives on their financial goals remains a major challenge. As an electronics manufacturer interviewed in Japan indicated:

“Sustainability is still a by-product and after-thought. The focus here is still ensuring that the initiatives are profitable. To us, getting off the legacy system and moving into cloud is the agenda. This brings about sustainability benefits, but our focus lies is the financial and reputational benefits that this brings. The inflection point will likely come when all top players make sustainability a target and this will raise the bar in many places, making sustainability transformation more attractive.”

More organizational effort is needed to clearly define both financial and non-financial KPIs, and ensure that they positively impact each other, driving a growth cycle.

Challenges in managing financial and non-financial KPIs

“Nobody really understood the relationship between percentage improvement in financials and improvement in sustainability.”

Vice President, Operations,
Chemicals/ Product Goods, USA

“Our sustainability obligations as a utility firm require us to develop ROI that includes both financial and non-financial metrics.”

CIO, Government Statutory
Corporation, Australia

“Our sustainability metrics are set, but not actively tracked, because the technology is not in place yet.”

Deputy Director of ICT,
Hospital/ Government Institution, UK



Key Recommendations

Our survey has highlighted the key external and internal factors that drive sustainability transformation through digital capabilities. More can be done to help organizations establish the necessary foundations to address long-term sustainability goals. Our survey on sustainability transformation provides decision makers with several important recommendations.

Strategic purpose-driven leadership is essential for change

At the early stage of the sustainability transformation journey, organizations have relied on the strong leadership of their CEOs and senior executives. Their visions and leadership, however, need to be mobilized across their organizations, enabling all employees to embrace their corporate purpose and proactively execute necessary transformational initiatives.

Building a bold agenda with financial and non-financial goals

Systematic measurement of data enables decision makers to track the effectiveness of their sustainability initiatives, helping build internal trust for sustainability. Identifying how sustainability initiatives provide environmental, social and economic (financial) value is key to ensuring continuous investment in sustainability transformation.

Developing digital capabilities is imperative to scale your sustainability agenda

To deliver value from sustainability transformation consistently, organizations need to continue developing their data and digital capabilities. Data and analytics capabilities help organizations manage both financial and non-financial KPIs. Furthermore, advanced digital technologies such as AI, IoT and blockchain will help to transform business processes and enhance the value of products and services to meet sustainability demands from various stakeholders.

Including technology partners in your external ecosystem collaboration

Building open, robust ecosystems is very important to co-create new sustainability value. Given the key role of digital technology and the gravity of the sustainability agenda, organizations should work closely with their technology partners to build and enable successful sustainability strategies.



Demographics

Base: (n=1,800)

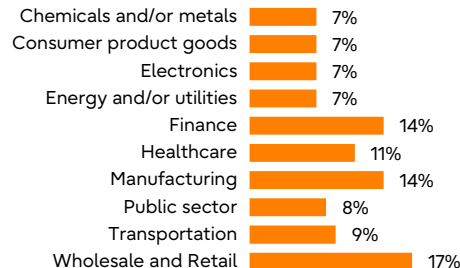


Countries

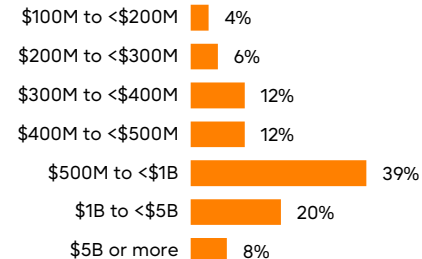
Australia	Singapore
China	Spain
France	United Kingdom
Germany	United States
Japan	



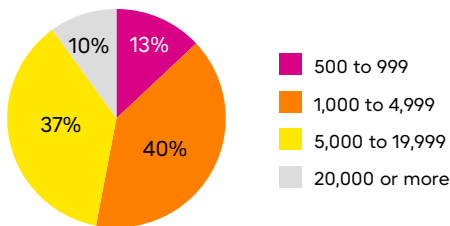
Industry



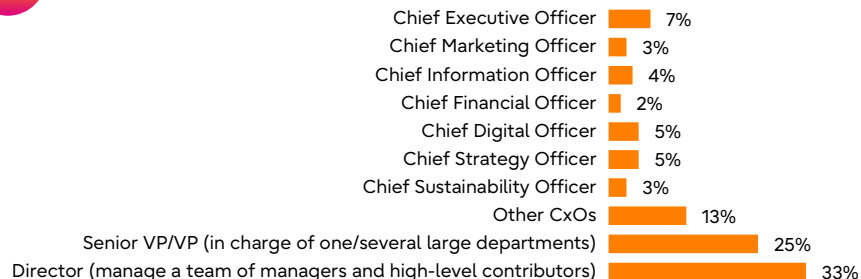
Revenue in the last fiscal year



Employee headcount



Job title



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