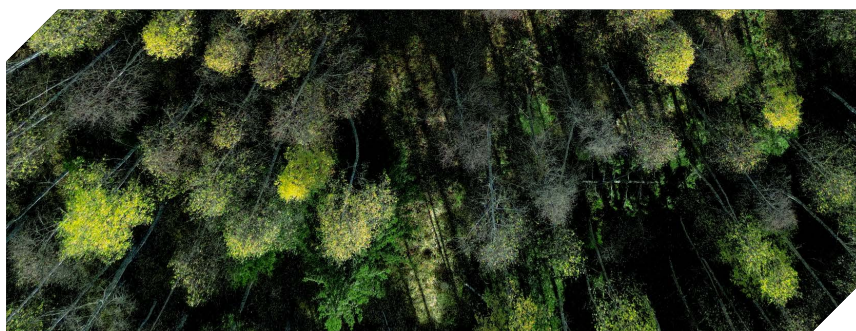
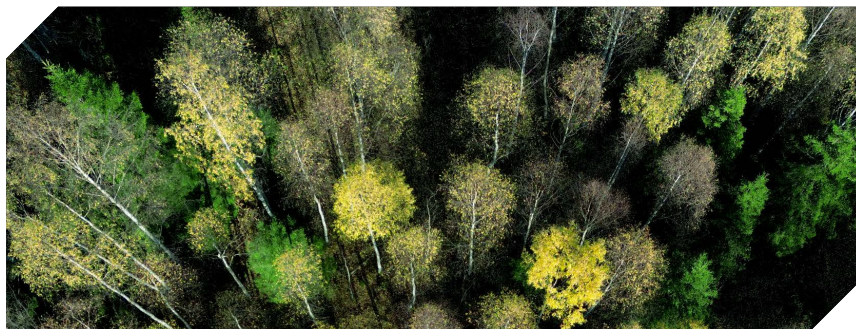


Regenerate: an Asia Pacific study on sustainability and beyond



KEARNEY

REGENERATE



Kearney's latest research assesses the region's progress and explores the trajectory of sustainability initiatives, shedding light on corporate ambitions, execution, and impact as APAC companies advance from sustainable to regenerative businesses.

Asia's transition to net zero emissions is inherently complex. A global powerhouse for economic growth, this dynamic region has made significant progress. However, [climate change](#) is creating an existential threat amid high exposure to extreme weather events such as flooding, heatwaves, and droughts, which could disrupt decades of progress.

Amid these challenges, there's an urgent need for Asia Pacific (APAC) to transition toward development that is not only carbon-neutral but also climate-resilient. Adopting pathways to reduce the region's heavy reliance on fossil fuels and mitigate greenhouse gas emissions is a large part of this shift. Additionally, embracing an approach that prioritizes generating net-positive impacts on the environment and society can ensure that the region's growth remains robust in the face of climate change. This will require moving beyond conventional sustainability and embracing sustainable development that is regenerative, actively restoring and unifying entire ecosystems—the people, the digital technology, and the operational building blocks to move forward for the benefit of everyone.

Encouragingly, many companies across the region have embraced this bold, systems-level thinking: more than 40 percent of the executives we surveyed say their companies are already taking a regenerative approach toward sustainability. And of these, almost 70 percent say it is an organization's responsibility to go beyond reducing and preventing negative impacts on our planet and society to generating net-positive outcomes for future generations. With this mindset, the region is well-positioned to tackle the challenges related to climate change.

We hope this report provides useful insights that encourage business leaders across Asia Pacific to enhance their sustainability ambitions, optimism, and momentum and accelerate the shift toward a future that works for everyone.

There's an urgent need for Asia Pacific to transition toward development that is not only carbon-neutral but also climate-resilient.

What is a regenerative business?

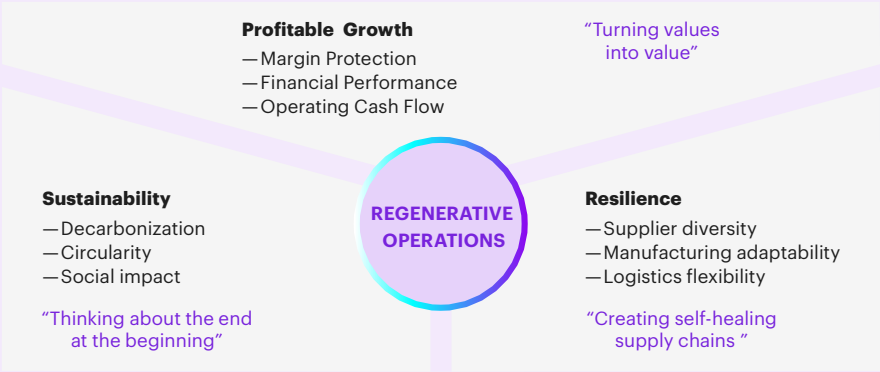
Regenerative businesses differentiate themselves from sustainable businesses in two ways: they seek to achieve net positive impacts rather than reduce negative impacts, and they focus on the wider system within which they operate, not just the direct impacts of the business (see figure 1). Regenerative businesses understand their role in reshaping economies to positively affect human well-being and equality while restoring natural systems across geographies and generations.

The time has come to evolve the mindset and the initiatives that resilience created and move to a more proactive approach.

Figure 1
Regenerative businesses seek to achieve net positive impacts while focusing on the wider system within which they operate

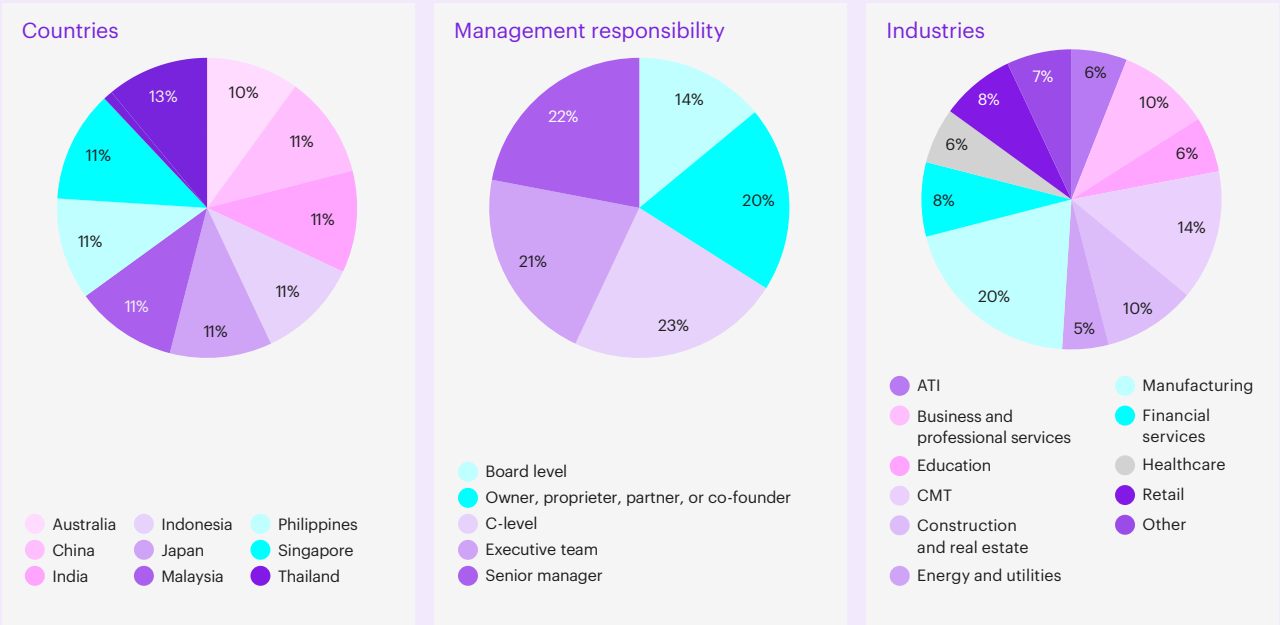


Regenerative businesses are fundamentally different than previous approaches:



Source: Kearney 2023 Asia Pacific Sustainability Study

Figure 2
Kearney study assess sustainability in nine Asia Pacific countries



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023 Asia Pacific Sustainability Study

About the study

Between November and December 2023, we surveyed about 1,000 executives across nine APAC countries, covering a broad range of industry sectors to check the pulse of the region’s boards of directors, executive teams, and CEOs in roles of sustainability, operations, and strategy (see figure 2). Our goal was to identify the intersection of sustainability ambition, execution, and impact.

Designed to shed light on how the region is faring in its sustainability efforts and explore the trajectory of sustainability, our study evaluates business leaders’ perspectives about the status of their sustainability initiatives. This included examining their positions along the sustainability journey, the establishment of targets such as pathways for decarbonization, and the challenges that are impeding their progress.

The study gauges whether executives believe their targets are attainable and delves into aspects such as greenwashing and management incentives. It also considers perspectives on regenerative sustainability, investigating whether businesses are elevating sustainable thinking to the next level.

Our goal was to identify the intersection of sustainability ambition, execution, and impact.

The ambition to execution gap

Reaching net zero is a major goal for most APAC businesses, and setting target dates for achieving this is becoming standard practice. Among executives who are aware of their organization's target dates, three-quarters anticipate attaining net zero in their scope 1 and 2 emissions by 2030, while 64 percent aim to achieve the same for scope 3 emissions by then.

There are regional variances: 92 percent of Indonesia businesses and 91 percent of India businesses have set targets, compared with just 65 percent in Japan. However, more than one-fifth of organizations are unaware of their net zero targets, emphasizing the need for companies to raise awareness about their sustainability commitments throughout their organizations.

Despite the region's widespread commitment to reaching net zero, achieving this by 2030 appears to be unfeasible (particularly in scope 3 emissions) because of the complexity and scale of the emissions reductions required in such a short amount of time. It also suggests that diverse interpretations of net zero within organizations might contribute to confusion and inconsistencies when defining net zero targets leading to companies underestimating the scope of changes needed across their operations and supply chains to truly mitigate their carbon footprint. As organizations grapple with a variety of challenges, they will need to recalibrate their strategies and set realistic timelines to ensure feasible progress toward their targets.

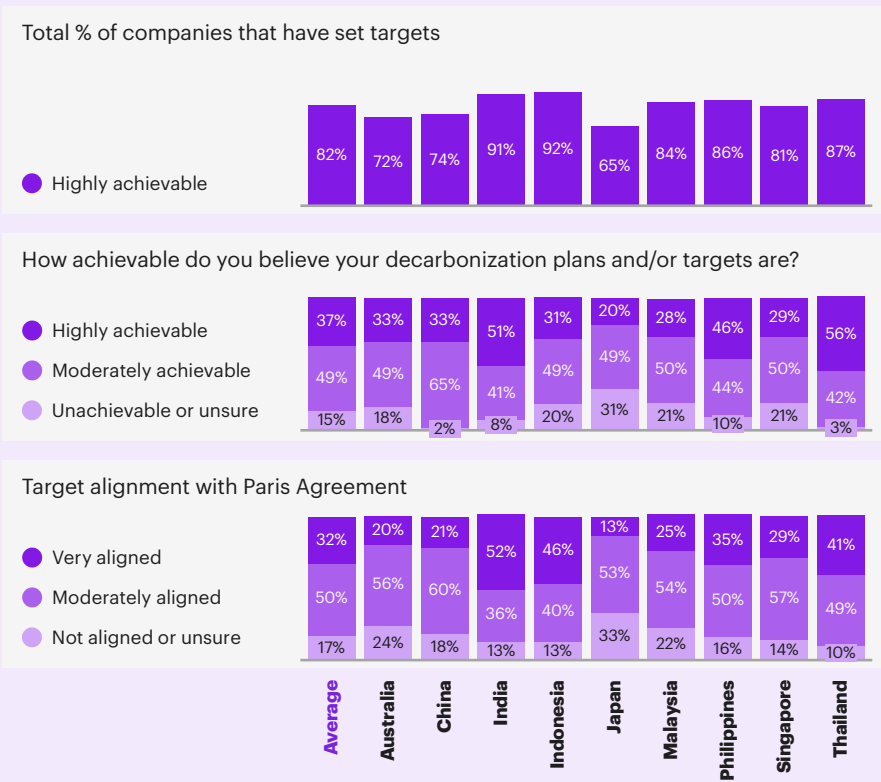
More than one-fifth of organizations are unaware of their net zero targets, emphasizing the need for companies to raise awareness about their sustainability commitments.

Most organizations have target dates for achieving net zero, and leaders are optimistic about reaching them

Eighty-five percent of executives say their organization’s decarbonization targets are achievable, and 37 percent say they are highly achievable (see figure 3). This optimistic outlook is most commonly held by leaders in Thailand and India, where 56 percent and 51 percent respectively say their targets are highly achievable.

Conversely, executives in Japan are most likely to think that their company’s decarbonization targets are not achievable. Despite the significant proportion of businesses that are setting decarbonization targets, less than a third have plans that are acutely aligned with the Paris Agreement. This demonstrates that corporate ambitions are not progressing quickly enough to align with global net zero targets and goals to limit global warming to 1.5°C, raising concerns about the disconnect between ambitions and action. Adjusting strategies toward more robust and impactful decarbonization initiatives that are in line with global net zero ambitions will be vital for the region to achieve the deeper carbon emission cuts required to accelerate progress to 1.5°C and mitigate the impacts of climate change.

Figure 3
Most executives say their organization’s decarbonization targets are achievable and aligned with the Paris Agreement



Source: Kearney 2023
Asia Pacific Sustainability Study

Technology investments and government support are viewed as the biggest factors to accelerate decarbonization

More than half of the world's CO2 emissions occur in APAC. As economies advance and populations increase, the demand for energy will grow. Regional leadership in the global fight against climate change is crucial. Leading businesses in the region are already recognizing the opportunity—and the imperative—to be part of the solution as APAC transitions to a low-carbon economy. But understanding the barriers to decarbonization is essential for organizations to develop effective strategies, policies, and innovations that hasten the scale and speed of the transition to clean energy sources and low-carbon practices.

Businesses leaders across the region widely acknowledge the importance and urgency of investing in technologies to increase the pace of their decarbonization. Two-thirds believe that technological advancements would accelerate decarbonization strategies. This sentiment is most pronounced in Thailand (76 percent) and lowest in Japan (52 percent).

Decarbonizing at scale and pace and in line with new targets announced at COP28, such as tripling renewable capacity and doubling energy efficiency by 2030, will require substantial investments in new innovations and scaling existing ones. This responsibility will weigh particularly heavily on hard-to-abate sectors, such as energy, transport, and construction, where reducing emissions is trickier. According to the [World Economic Forum](#), digital technologies such as big data analytics, AI, and sensing and control technologies can reduce greenhouse gas emissions by up to 20 percent by 2050 in the three highest-emitting sectors: energy, mobility, and materials. However, all sectors must contribute to global decarbonization efforts.

More than half of the business leaders that we surveyed want more government support in their organization's decarbonization efforts (see figure 4 on page 7). This is highest in the Philippines (63 percent) and lowest in Japan (57 percent). Governments can select from a broad array of policy interventions and initiatives. For example, India's Strategic Interventions for Green Hydrogen Transition program offering financial incentives for the domestic manufacturing of electrolyzers and green hydrogen are steps in the right direction. Similarly, grants provided by the Australian Renewable Energy Agency for research, development, and early-stage commercialization of low-emission technologies and energy projects have also been welcomed.

The energy transition presents one of the greatest investment opportunities of the coming decades. Rapid decarbonization of businesses is crucial not only to maintain short-term competitiveness but also for long-term success and resilience. Embracing clean energy technologies and implementing energy-efficient practices will position businesses to thrive in a future where environmental considerations play a central role in consumer preferences, regulatory frameworks, and market dynamics.

Complexities extend beyond decarbonization into wider sustainability objectives

Looking beyond decarbonization at broader corporate sustainability objectives, such as water management, pollution, and social sustainability, the main challenges that the executives in our study say they encounter are high levels of complexity and limitations in their capabilities, including both the quantity and quality of resources available to implement sustainable practices effectively.

Addressing complex sustainability challenges requires interdisciplinary expertise, collaboration across departments, and engagement with external stakeholders such as regulatory bodies, suppliers, and customers. This added layer of complexity with regard to working cross-functionally is a prominent concern for business leaders in our study. Moreover, grappling with a lack of clarity in terms of where to start with sustainability initiatives poses additional obstacles.

Figure 4
Leaders say accelerating decarbonization strategies will require more government support

	Average	Australia	China	India	Indonesia	Japan	Malaysia	Philippines	Singapore	Thailand
Improved technology	66%	58%	68%	71%	69%	52%	73%	70%	59%	76%
Increased government support	54%	55%	47%	57%	55%	45%	51%	63%	58%	53%
Better ability to measure emissions	48%	30%	39%	69%	60%	37%	52%	57%	38%	47%
Greater management buy-in	43%	22%	44%	50%	65%	31%	28%	40%	46%	58%
Lower cost technology	42%	43%	37%	40%	46%	41%	41%	40%	54%	37%
Lower carbon pricing including taxes	31%	23%	20%	43%	35%	31%	25%	39%	28%	36%
More acceptance of abatements as part of decarbonization strategy	24%	10%	22%	25%	25%	18%	26%	36%	13%	38%
Other	1%	1%	0%	1%	0%	3%	1%	1%	0%	1%

Source: Kearney 2023
 Asia Pacific Sustainability Study

Opportunities to collaborate to further the agenda on pertinent sustainability topics lie in all areas of sustainability. For example, mining giants Fortescue, Rio Tinto, and BHP have committed to working together to fund and contribute to the design, build, and implementation of new social awareness education packages that aim to create mining workplaces that are free from sexual harassment, bullying, and racism.

- Executives ranked the following as their top barriers to accomplishing their organizational sustainability strategies:
- Complexity (overcoming technical challenges): 65 percent
 - Capabilities (quantity and quality of resources): 63 percent
 - Different ways of working (needing to work cross-functionally): 55 percent
 - Lack of clarity on where and how to start (too many initiatives): 47 percent
 - Competing priorities and a lack of organizational alignment: 37 percent
 - Culture of inaction (short-term focus): 33 percent

Shifting mindsets and operations to create a future that works for everyone

Most still view sustainability as a cost and a risk to business rather than an opportunity to create value

Our discussions with our clients often highlight that sustainability is perceived as a cost rather than a value creator, a sentiment that is echoed in our study (see figure 5). In fact, 72 percent of business leaders agree or strongly agree that their sustainability initiatives are viewed as a cost of doing business rather than an opportunity to create value. This view is most commonly held by leaders in India, Australia, and Indonesia, where 77 to 78 percent share this perception. However, leaders in Japan and China are less likely to hold this view. Businesses will need to recognize that sustainability initiatives have the potential to contribute significantly to top-line growth, cost reduction, and the strengthening of supply chains.

The perception that sustainability represents a cost to business rather than an opportunity to create value opportunity is leading many APAC businesses to adopt a short-term approach to sustainability. While it is true that long-term sustainability requires short-term goals, the misalignment between sustainability ambitions and company purpose is hindering the full integration of sustainable practices throughout business operations. In turn, this is leaving notable gaps between sustainability ambition and actual execution.

Figure 5
Sustainability is seen as a cost of doing business rather than an opportunity to create value

	Average	Australia	China	India	Indonesia	Japan	Malaysia	Philippines	Singapore	Thailand
Strongly agree	25%	26%	16%	31%	26%	14%	27%	28%	19%	35%
Agree	47%	51%	40%	46%	51%	41%	50%	42%	57%	42%
Total that agree	72%	77%	56%	78%	77%	56%	76%	70%	76%	76%
Disagree	22%	16%	33%	14%	15%	34%	21%	25%	20%	18%
Unsure	7%	7%	10%	8%	8%	11%	3%	5%	4%	6%

By sector

Average	Business and professional services	Education	Manufacturing	Construction and real estate	Financial services	Healthcare	Retail	CMT	ATI	Energy and utilities
72%	78%	81%	61%	76%	80%	79%	74%	70%	60%	71%

Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023 Asia Pacific Sustainability Study

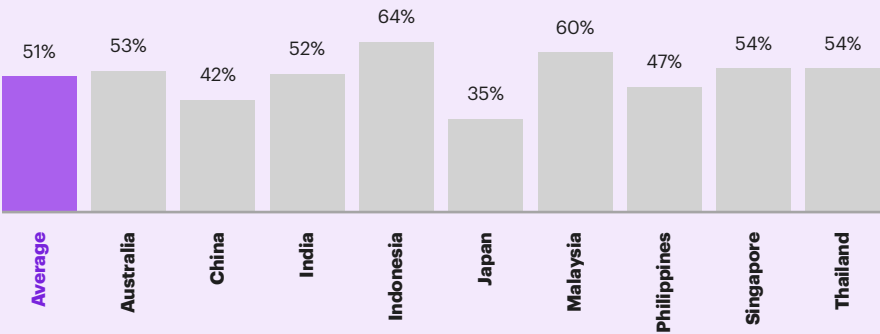
Sustainability continues to be viewed as a business risk

In addition to being perceived as more of a cost than opportunity, just over half of business leaders say that sustainability trends are more of a risk to their business rather than an opportunity (see figure 6). There are divergent views between countries, however, with this trend most pronounced in Indonesia (64 percent) and lowest in Japan (35 percent).

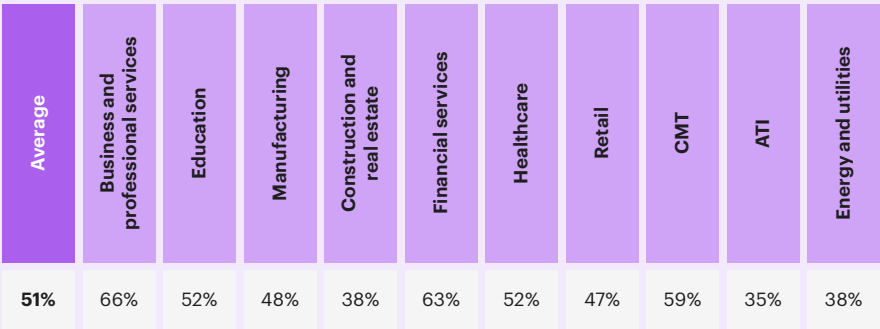
Taking a sector view, our study reveals that companies in services sectors are more inclined to perceive sustainability as a risk rather than an opportunity. The more stringent regulatory environment in these sectors may contribute to this perception. Companies in the transport sector tend to appreciate the benefits of sustainability, indicating that these businesses view sustainability as a way to meet evolving customer expectations and contribute positively to the environment.

Figure 6
More than half of leaders see sustainability trends as a risk to their business

Businesses viewing sustainability trends as a risk rather than opportunity
By country



By sector



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023 Asia Pacific Sustainability Study

Sustainability ambitions are not fully aligned with strategy and purpose

Companies' perceptions of sustainability as primarily a cost or a risk is also reflected in the lack of alignment with corporate purpose and values (see figure 7 on page 10). This is highlighted by three-quarters of executives, who say their sustainability ambitions are largely influenced by meeting societal expectations and keeping up with competition rather than alignment with corporate purpose or vision.

Figure 7
Corporate ambitions about sustainability are not fully aligned with strategies



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023 Asia Pacific Sustainability Study

In addition, 55 percent say sustainability trends have a greater influence on their short-term decisions rather than their long-term strategy. This short-term focus may undermine the organization's ability to anticipate and adapt to future challenges and opportunities. Emphasizing long-term sustainability in decision-making processes can ensure organizations remain adaptable in a rapidly changing business landscape, which is essential for long-term value creation and resilience.

While our study reveals that executives are optimistic about delivering on their sustainability plans and targets, it also shows that this ambition–execution gap and the short-term focus is impeding more substantial progress.

This gap between ambition and execution not only hampers the effective implementation of near-term sustainability initiatives, but also undermines the potential for taking a regenerative approach to sustainability, thereby reducing the potential for long-term value creation. Closing this gap will require a transformative change in mindset and a new approach from business leaders—one that encourages a culture of innovation, accountability, and resilience and unlocks new opportunities for growth.

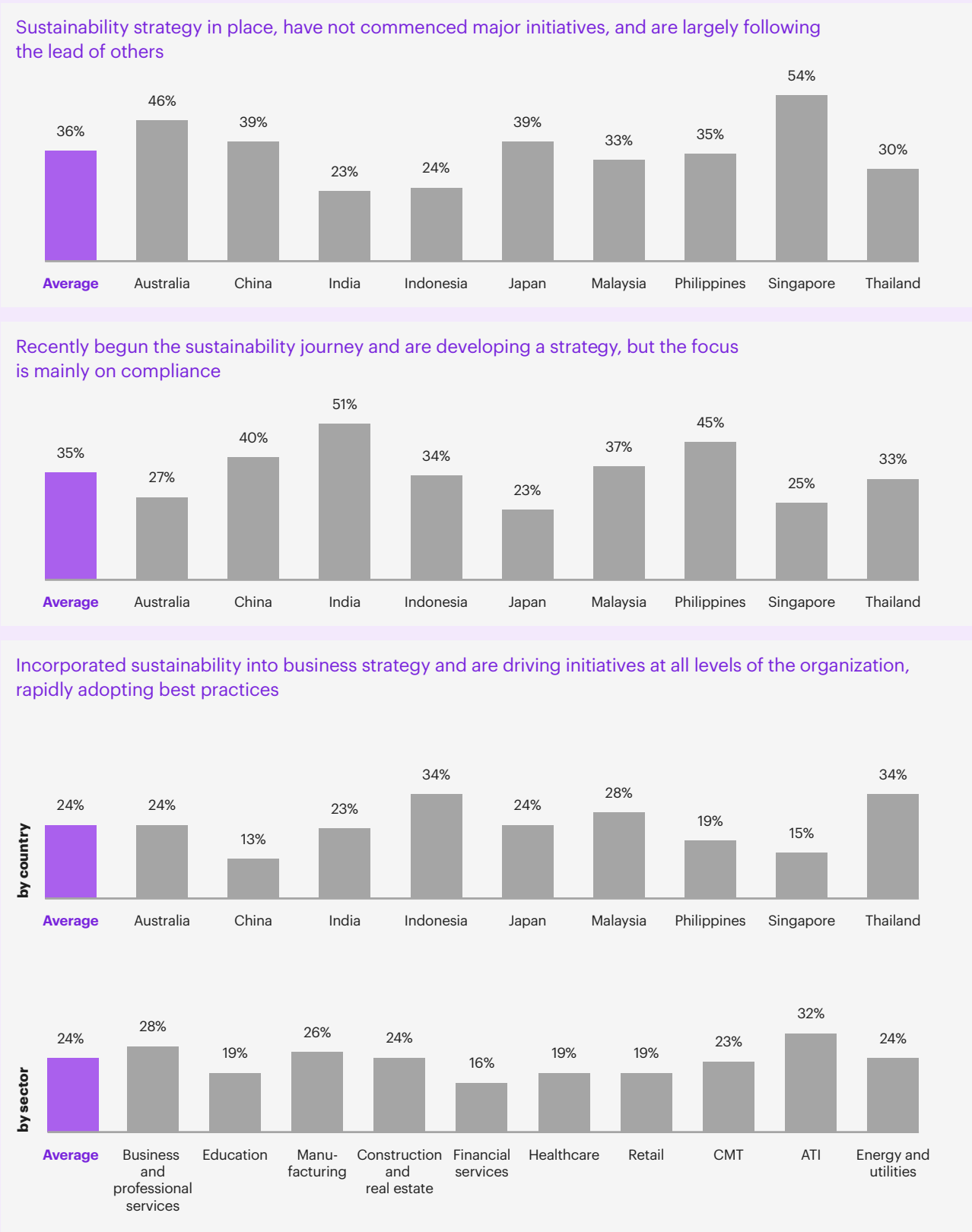
Aligning ambition with execution isn't just about short-term initiatives; it's about nurturing sustainability as a regenerative force for long-term value. It requires a shift in mindset, strong leadership, accountability, and resilience among leaders to unlock growth possibilities.

Time to move from sustainability strategies to sustainable strategies

While most APAC businesses have some form of sustainability strategy, more needs to be done to embed this across business and deliver outcomes. Our research shows that businesses in the region are at varying degrees of maturity on their sustainability journeys, with companies pursuing a range of approaches in adopting sustainable practices. Of the executives we surveyed, 36 percent say that their organizations have a sustainability strategy in place but have not launched major initiatives and are largely following the lead of others (see figure 8 on page 12).

Although 35 percent have recently begun the sustainability journey and are developing a strategy, their focus is mainly on compliance. Only 24 percent have incorporated sustainability into their business strategies and are driving initiatives at all levels of the organization, rapidly adopting best practices. This integrated approach is most common in Thailand and Indonesia and among companies in the automotive, transportation, and industrials sectors. This diverse approach highlights the complexity in implementing sustainability strategies as well as the need for nuanced approaches tailored to the specific contexts and challenges that businesses face.

Figure 8
Businesses in the region are at varying degrees of maturity on their sustainability journeys



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
 Source: Kearney 2023 Asia Pacific Sustainability Study

Set more robust targets based on material issues to execute on sustainability ambitions

While the vast majority of business leaders say they have a clear strategy or framework in place across all areas of sustainability, most have not set targets for areas of significant impact (see figure 9). For example, when it comes to environmental sustainability, 91 percent say they have a framework or plan in place, but more than half (52 percent) of these say they have no targets for areas of significant impact. Similar trends are seen across social sustainability, governance, and decarbonization.

Committing to the Science Based Targets initiative (SBTi) or Transition Pathway Initiative targets can be a valuable starting point for establishing measurable short- and medium-term targets, even if long-term targets are still being developed. Almost 2,500 APAC companies have started this journey by choosing to commit to SBTi targets. At Kearney, we work with companies across the region to benchmark sustainability areas to inform the level of ambition and determine where to lead versus where to follow. We ensure that ambition aligns with organizational purpose and is translated into specific actions against which execution is monitored.

Generating momentum in sustainability efforts requires ambitious leadership

On growing challenge is greenhushing, the practice of downplaying environmental efforts and climate commitments for fear of being called out for greenwashing. Our research highlights that greenwashing concerns are not only shaping the way organizations communicate and engage with stakeholders on their sustainability initiatives, but also influencing the process of setting sustainability goals and targets.

Figure 9
Most leaders have a sustainability road map, but few have actual targets in place

		Average	Australia	China	India	Indonesia	Japan	Malaysia	Philippines	Singapore	Thailand
Environmental sustainability	Organization has a clear plan or framework	91%	85%	95%	90%	95%	72%	94%	93%	93%	97%
	No targets set for all material impact areas	52%	62%	61%	30%	41%	53%	61%	41%	66%	56%
Social sustainability	Organization has a clear plan or framework	84%	80%	87%	90%	94%	59%	87%	93%	81%	86%
	No targets set for all material impact areas	55%	67%	50%	49%	54%	41%	66%	57%	65%	51%
Governance	Organization has a clear plan or framework	84%	82%	81%	83%	89%	68%	83%	92%	84%	94%
	No targets set for all material impact areas	53%	57%	61%	44%	43%	45%	56%	50%	59%	65%
Decarbonization	Organization has a clear plan or framework	81%	74%	86%	84%	86%	63%	83%	81%	82%	90%
	No targets set for all material impact areas	53%	58%	53%	45%	45%	53%	61%	47%	63%	57%

Source: Kearney 2023
Asia Pacific Sustainability Study

Greenwashing concerns are driving leaders to invest in sustainability but also limiting their ambitions

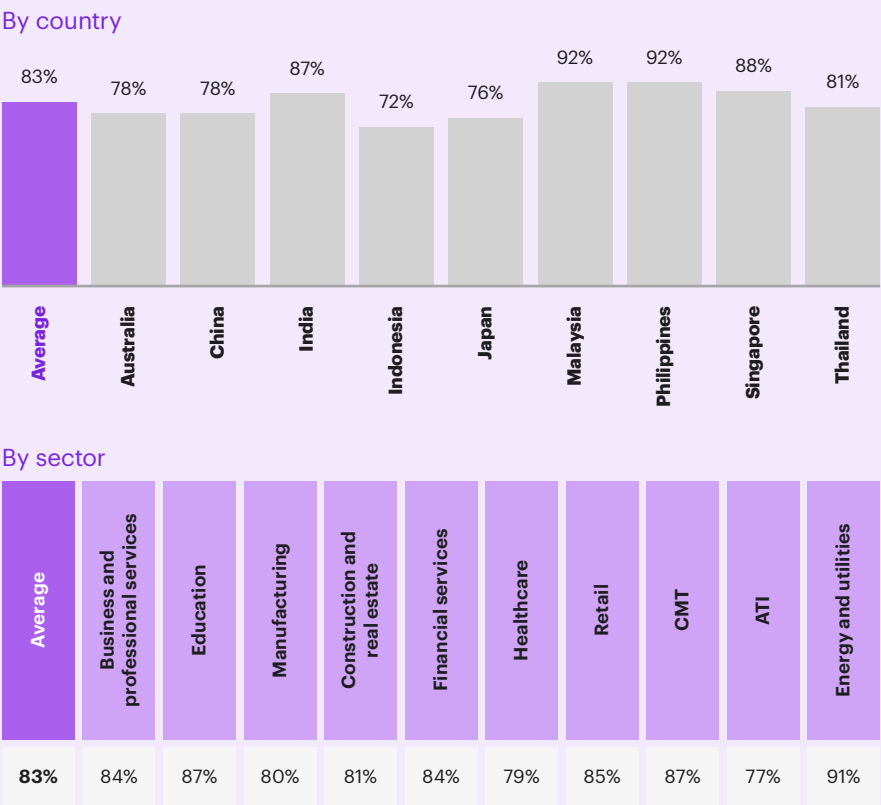
Of the executives we surveyed, 83 percent say leaders in their organizations are concerned about greenwashing (see figure 10). Malaysia and the Philippines rank the highest (92 percent) when it comes to leadership expressing concerns about greenwashing; leaders in the energy and utilities sector are acutely aware of concerns about greenwashing, reflecting growing scrutiny over the sector’s green credentials.

The high level of concern may be partly because of an increasing regulatory focus on greenwashing, with countries across APAC having stricter measures and disclosure standards to ensure that businesses’ sustainability claims are substantiated and transparent. For example, in July 2023, the Australian Competition and Consumer Commission announced new environmental and sustainability claims draft guidance, with the aim of improving the integrity of companies’ green claims and protecting consumers from [greenwashing](#). As part of this, any environmental claims have to be accurate, true, and factually correct, and businesses must be able to provide evidence to back up their claims.

Similarly, Japan’s [Financial Services Agency](#) has cracked down on greenwashing over the past year with a set of new and more restrictive rules on which funds can carry an ESG label. Specifically, investment trust managers are now required to disclose ESG factors that are used during investment selection, how such factors are considered, limitations and risks in the investment process, and any ESG-related stewardship code policies.

On a positive note, of those concerned about greenwashing, 86 percent say it has motivated their organization to invest more in sustainability resources and capabilities. In addition, 90 percent say it has motivated them to be more conscious of supplier and partner arrangements, and 88 percent say it has motivated their organization to tighten sustainability policies and processes.

Figure 10
Most business leaders are concerned about greenwashing



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023
Asia Pacific Sustainability Study

However, concerns about greenwashing are also limiting ambition, leading to more cautious target setting and a pullback in communication, which may hinder progress:

- 84 percent say it has made their organization more cautious in sustainability planning and target setting. (The same is true for emissions management plans and target setting at 84 percent.)
- 78 percent say it has made their organization more hesitant to discuss sustainability plans publicly.
- 72 percent say it has made their organization more hesitant to discuss emissions management plans publicly

Striking the right balance between setting ambitious targets and transparent reporting is essential to building trust, creating credibility, and delivering meaningful change. Organizations that find the right balance are better positioned to meet evolving investor pressure and regulatory requirements and respond to consumers’ shifting demands. Robust sustainability credentials also help attract and retain top talent and can give companies a competitive edge.

There are mixed views about who is responsible for sustainability efforts, but most executive have incentives built into their KPIs

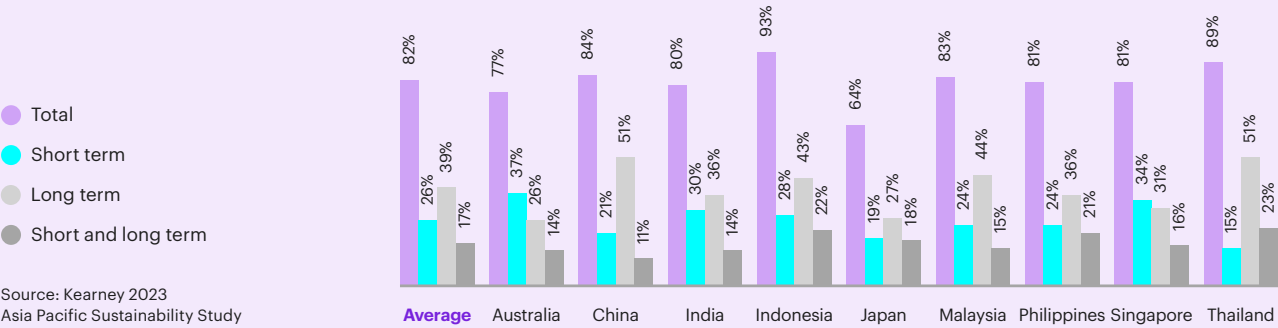
Sustainability efforts across the region are driven by C-level leaders, demonstrating board-level commitment to sustainability strategies. There are mixed views, however, about who should have the most responsibility for sustainability initiatives. Almost half (46 percent) of companies have chief sustainability officers who are committed to leading development and executing sustainability strategies, but 39 percent of the executives we surveyed say this responsibility lies with C-level leaders with others (see figure 11). Interestingly, while 82 percent of leaders say they have incorporated sustainability targets into executive key performance indicators (KPIs), only 37 percent strongly agree that their board members and executive teams have a good understanding of the sustainability trends.

Figure 11
Opinions are mixed about who should be responsible for corporate sustainability initiatives

The leadership team drives sustainability efforts

	Average	Australia	China	India	Indonesia	Japan	Malaysia	Philippines	Singapore	Thailand
Chief sustainability officer	46%	39%	71%	43%	60%	25%	43%	40%	43%	45%
C-level leaders with others	39%	45%	23%	44%	29%	42%	39%	37%	46%	43%
Risk or legal	7%	7%	4%	5%	8%	11%	6%	10%	7%	5%
Communications	5%	5%	1%	5%	3%	4%	10%	9%	3%	6%

Sustainability targets are incorporated into executive KPIs



Source: Kearney 2023
Asia Pacific Sustainability Study

This reflects a need for a clearer mandate among the companies in our study when it comes to implementing sustainability practices. Creating real impact goes beyond compliance and involves integrating sustainability strategies into the core business strategy. While confusion may arise about who should spearhead sustainability efforts, the message must come from the top of the leadership hierarchy. The right organization and governance structures can help companies overcome the key challenges on lack of accountability and metrics.

While 82 percent of leaders say they have incorporated sustainability into their KPIs, only 37 percent say their board members and executive teams understand the sustainability trends.

Regenerative thinking can propel sustainability to the next level

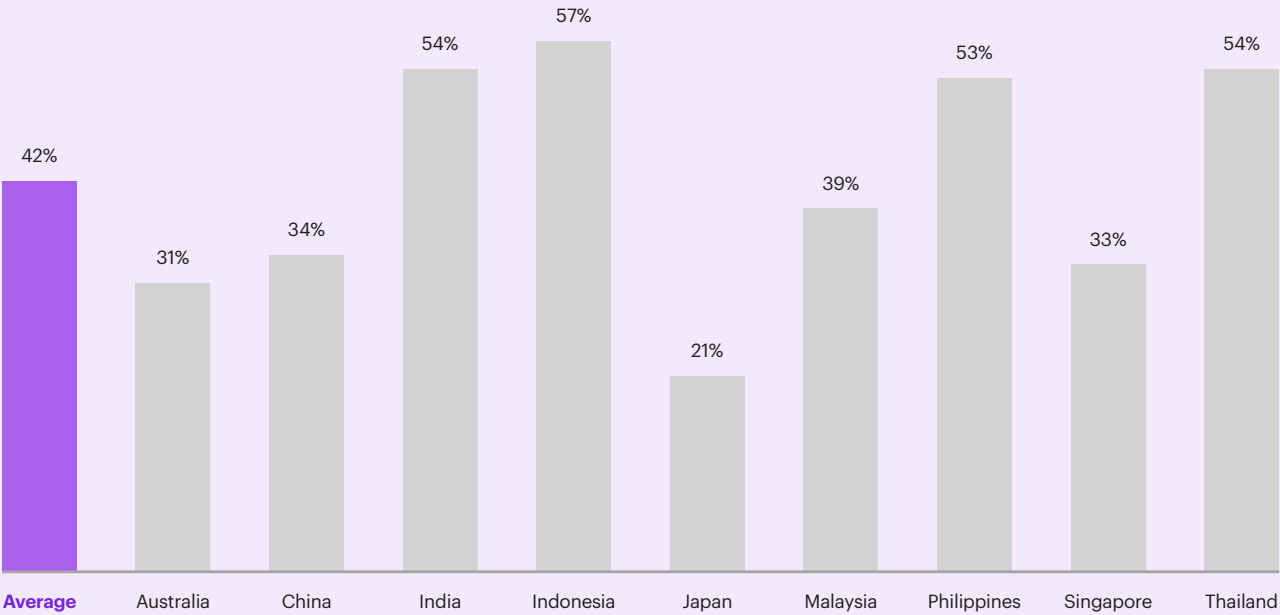
While sustainability is focused on reducing harm to the planet from human activities, a regenerative approach goes farther—seeking ways to restore and revitalize natural systems through innovative and restorative practices. Regenerative businesses focus on the wider system within which they operate, not only considering the direct impacts of the business but also aiming to achieve net positive impacts rather than simply reducing negative ones. This shift to regenerative practices is essential in an operating environment where the challenges between natural and social sustainability have become more intertwined.

As these challenges evolve, addressing them will require a comprehensive approach that goes beyond traditional sustainability measures. A regenerative approach is also essential to create truly resilient businesses that deliver sustainable long-term value.

Business leaders have different timelines for achieving regenerative sustainability

Across the board, 42 percent of business leaders say their organizations are taking a regenerative approach to sustainability. More than half of the businesses we surveyed in Indonesia, India, Thailand, and the Philippines are taking this approach (see figure 12 on page 17).

Figure 12
42 percent of leaders say their organizations are taking a regenerative approach to sustainability



Source: Kearney 2023 Asia Pacific Sustainability Study

In Asia, the need to urgently transition to net zero and climate resilient businesses and societies has never been more important, and embracing regenerative sustainable development is essential to this. Encouragingly, more than 40 percent of regional companies have already adopted this bold approach, with 86 percent believing that organizations across all industries can achieve net-positive impacts within the next 10 years. This mindset positions us to tackle climate change challenges and accelerate toward a future that benefits all.

Business leaders also have different timelines for achieving regenerative sustainability:

- Within the next one to three years: 35 percent
- Within the next three to five years: 45 percent
- Within the next five to 10 years: 16 percent
- Within the next 10 to 15 years: 3 percent

Of those working toward regenerative sustainability, 69 percent say one reason they want to achieve regenerative sustainability is that they believe it is an organization’s responsibility to go beyond reducing and preventing negative impacts to our planet and society to generating net-positive outcomes and improve both environmental quality and human well-being for future generations.

However, the long-term growth potential is not widely understood. Only 51 percent identify the potential to generate profit and long-term growth for organizations in embracing this paradigm shift as a motivator, including reducing costs, increasing revenue, boosting employee productivity and well-being, and gaining investment.

- It is an organization's responsibility to go beyond reducing and preventing further negative impact to our planet and society to generate net positive outcomes and improve both environmental quality and human well-being for future generations. (69 percent)
- Current sustainability and net-zero commitments may not be enough to address the extent of the current social, environmental, and economic challenges. (56 percent)
- There is potential to generate profit and long-term growth for organizations that embrace this paradigm shift, including reducing costs, increasing revenue, boosting employee productivity and well-being, and gaining investments. (51 percent)
- It is becoming a necessity driven by growing investor and consumer demand and awareness as well as increasing government regulations. (33 percent)

This highlights a continued lack of cognizance when it comes to the benefits of investing in sustainability. Beyond financial returns, companies that prioritize sustainability are often better positioned to manage risks, enhance long-term resilience, and foster positive relationships with stakeholders. Collaborative efforts and shared learning across businesses in the APAC region can help bridge these gaps and accelerate the overall transition toward regenerative sustainability.

Every business—no matter where it begins—can redefine what it means to create value. Building regenerative business models demands courage and responsibility to nurture the next wave of talent while also generating positive community and societal impact. Valuable opportunities also lie in adopting technology to redefine businesses processes and supply chains, building more resilient organizations centered on long-term partnerships and value generation.

**Every business—
no matter where
it begins—can
redefine what
it means to
create value.**

There is optimism about the future, but it's time to get to work

Across APAC, business leaders are optimistic about achieving net-positive impacts, with as many as 86 percent believing that organizations across all industries can achieve net-positive impacts within the next 10 years (see figure 13).

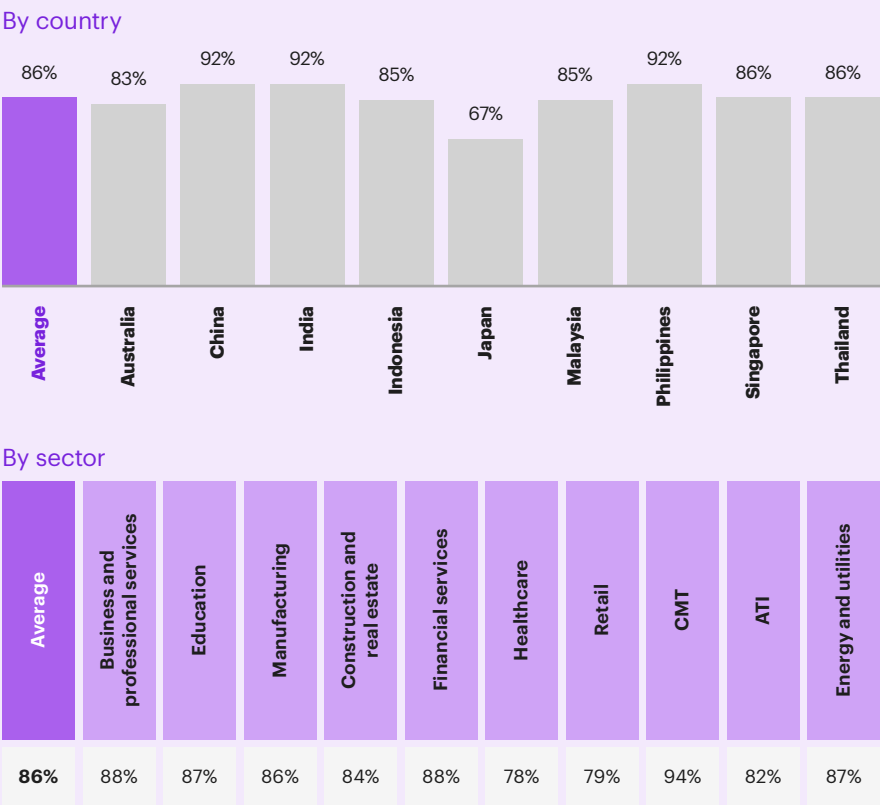
Overall, our study reveals that APAC leaders are optimistic about making substantial progress, achieving sustainability and decarbonization goals, and moving toward regenerative approaches that protect, restore, and replenish human capital and natural resources.

While there is still a lack of awareness about the benefits of investing in sustainability, there is a clear opportunity to bridge this gap and convey the message that companies that prioritize sustainability are often better positioned to manage risks, enhance long-term resilience, and foster positive relationships with stakeholders.

For many businesses, short-term pressures have prevented them from putting regenerative sustainability on their agenda. For these companies, the first step is to define how they can make their business more sustainable to ensure profitability targets are met while minimizing negative impacts.

We work closely with companies across the region to benchmark sustainability areas to inform the level of ambition and determine where to lead versus where to follow. Ultimately, the ambition needs to align with the organizational purpose and be translated into specific actions against which execution is monitored.

Figure 13
Leaders are optimistic about achieving a net-positive impact on sustainability within a decade



Note: CMT is communications, media, and technology; ATI is automotive, transportation, and industrials.
Source: Kearney 2023
Asia Pacific Sustainability Study

Beginning this journey requires active effort around three pillars:

Vision and mindset

- Products that work for everyone
- Innovation that includes all
- Speed that allows for a “fail fast” mindset

Operations

- Resilience at a micro level
- Embedded learning and adaptability
- Technology for the next level

Stakeholders

- Communities invested in your success
- Communities you help succeed

Any business that is willing to rethink its approach to value can deliver this, regardless of the company’s starting point (see sidebar: Five steps to pave the way for a successful regenerative journey). Doing this well can create a new paradigm for businesses to make positive changes for the planet and society while also delivering financial value.

Five steps to pave the way for a successful regenerative journey

Articulate your vision for systemic change. With a clear understanding of your purpose, impact, and influence, articulate your north star—the place where you believe you can reshape economies.

Map systems and identify leverage points. Based on a mapping of various systems, including internal, operations, the value chain, and the macroeconomy, assess through an analysis of feedback loops your role in the system, highlighting where you have the ability to restore social and natural systems by strategically allocating resources.

Set a regenerative strategy. This is an opportunity to deliver value at pace. Based on your understanding of your role in the system, define how you will deliver value through regenerative outcomes. Understand your biggest areas of impact and where you can deliver the most value to shareholders and other key stakeholders.

Review business models. Assess your products and services, and review how you can deliver value through regenerative practices, such as through product-to-service models, where the focus is on the value of service provided rather than the quantity of goods sold.

Define and deliver value. Understanding that regenerative approaches can create financial value is vital to their success and durability. We need more sophisticated approaches to understand value creation that take into account the value delivered across the entire enterprise ecosystem to all stakeholders. (See [How regenerative business practices can reshape economies at \[kearney.com\]\(https://www.kearney.com/insights/sustainability/2021/05/how-regenerative-business-practices-can-reshape-economies\).](https://www.kearney.com/insights/sustainability/2021/05/how-regenerative-business-practices-can-reshape-economies))

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