



Deloitte 2023 CxO Sustainability Report - Asia Pacific

Accelerating the Green Transition

Asia Pacific summary

While the vast majority of CxOs surveyed share the view that **the world can achieve global economic growth while also reaching climate change goals**, there continues to be a gap between actions and impact.

According to **Deloitte’s survey of nearly 500 CxOs in APAC**, executives indicated that while they anticipate change, most are not yet implementing the “needle-moving” actions that embed sustainability into the core of their strategies, operations, and culture.

Key regional findings:

When asked to rank the issues most pressing to their organizations, **CxOs in APAC rated climate change as the most pressing issue** ahead of seven others, including innovation, competition for talent, and supply chain challenges. **In the global survey, economic outlook ranked slightly higher, highlighting the growing focus on climate change in APAC.**



CxOs in the region are highly worried about climate change but also optimistic about their climate actions:

- **63% said they feel concerned about climate change all or most of the time, and 86% had been personally impacted by climate change.**
- **Almost all respondents expect climate change to impact their company’s strategy and operations.** Of these, 60% believe the impact will be ‘very high’.
- **Yet, 86% feel somewhat or extremely optimistic** that the world will take sufficient steps to avoid the worst impacts of climate change.



Companies are feeling broad pressure to act across stakeholder groups—from the board/management to customers to employees:

- **CxOs in APAC are feeling a greater pressure** from nearly all stakeholder groups to act on climate change, compared to their global peers.

This publication is a regional version of the 2023 Global CxO Sustainability Survey (HYPERLINKED) and presents a summary of the data and insights collected by over 500 APAC CxOs. The data is presented in the form of the survey responses to key questions, and explores the role of the CxO, climate intent and ambition and the challenges executives face acting on that ambition. This is followed by recommendations for executives to consider to help accelerate progress towards a decarbonized, sustainable green transition for their business.

ORGANIZATIONS ARE ACTING, BUT STRUGGLING TO MOVE THE NEEDLE



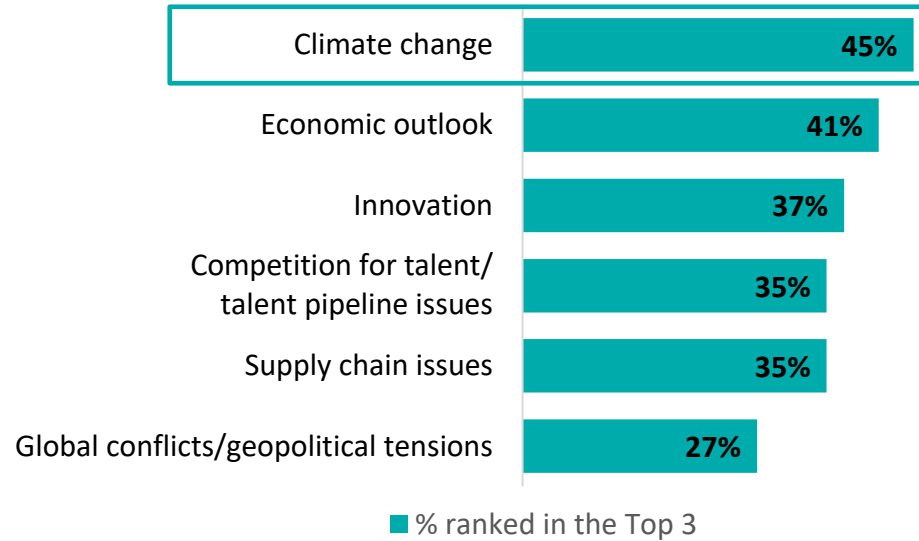
While companies are acting, they’re less likely to implement actions that demonstrate they have embedded climate considerations into their culture and have the senior leader buy-in and influence to effect meaningful transformation.

- For example, **82% of CxOs indicate their organization has some plans to tie leader compensation** to environmental sustainability and performance.
- Additionally, when asked how serious certain groups are about addressing climate change, **only 32% of CxOs said they believe the private sector is “very” serious.**

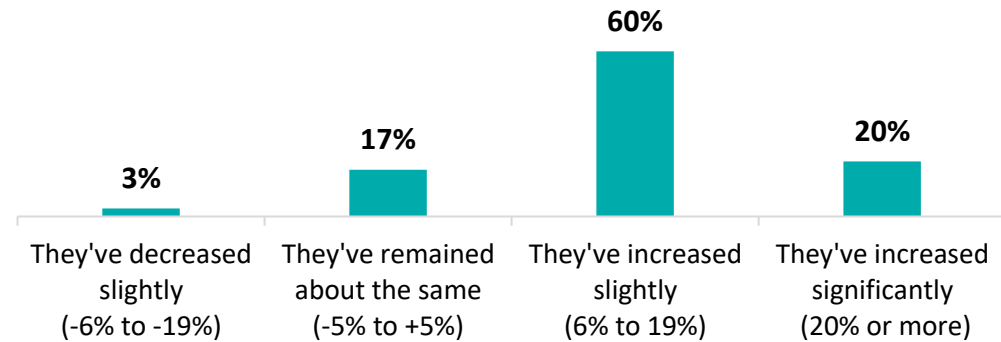
Climate remains a top priority despite many pressing issues



What does your organization see as the most pressing issues to focus on over the next year? (Respondants were asked to rank in order of importance)



How have your sustainability investments changed over the last year?



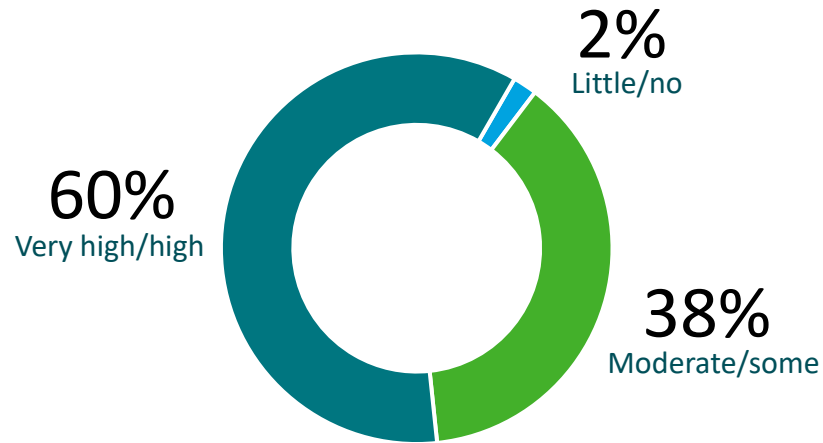
Climate remains a top priority in Asia Pacific

The majority (59%) say climate change will have a large or very large impact on their organization's strategy and operations over the next three years.

Almost every organization has felt the impacts of climate change

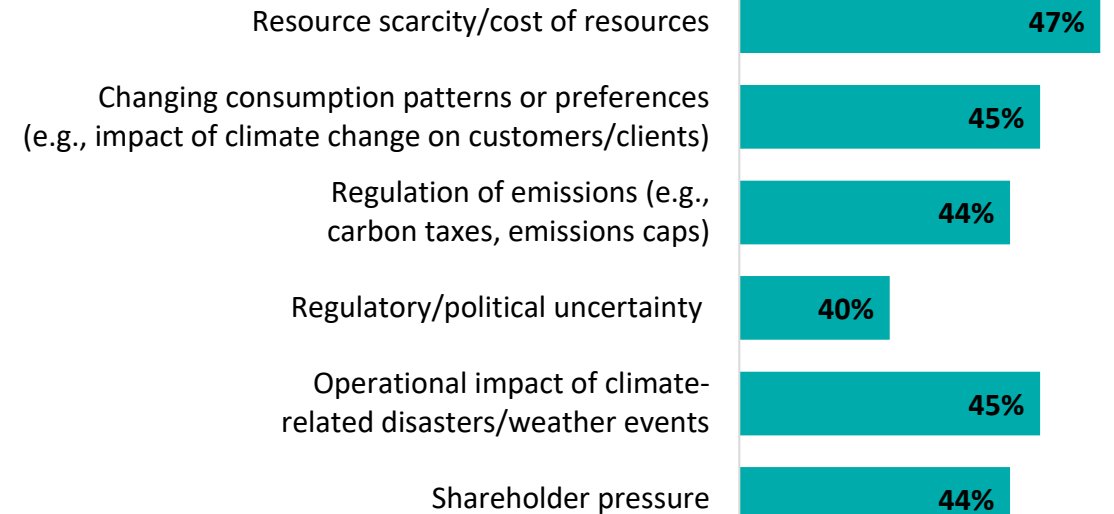


To what degree do you expect climate change to impact your company's strategy and operations over the next three years?



Top climate issues already impacting companies

(Respondants were asked to select all that apply)



The top climate issue impacting companies globally (46%) and in APAC (47%) is resource scarcity and cost of resources.

98% of companies in APAC expect climate change to impact their company's strategy and operations. Of these, 60% believe the impact will be 'high' or 'very high'.

CxO's in the region are worried about climate change, but most are optimistic that the world will take sufficient steps to avoid the worst impacts of climate change



63% reported they feel concerned about **climate change** all or most of the time.

Gen Zs and millennials feel similarly: **nearly 75% of both generations** say that climate change contributes to their feelings of anxiety or stress.*



86% are somewhat/extremely optimistic **the world will take sufficient steps to avoid the worst impacts of climate change.**



89% agree/strongly agree **the world can achieve global economic growth while also reaching climate change goals**

*[The Deloitte Global 2022 Gen Z and Millennial Survey](#)

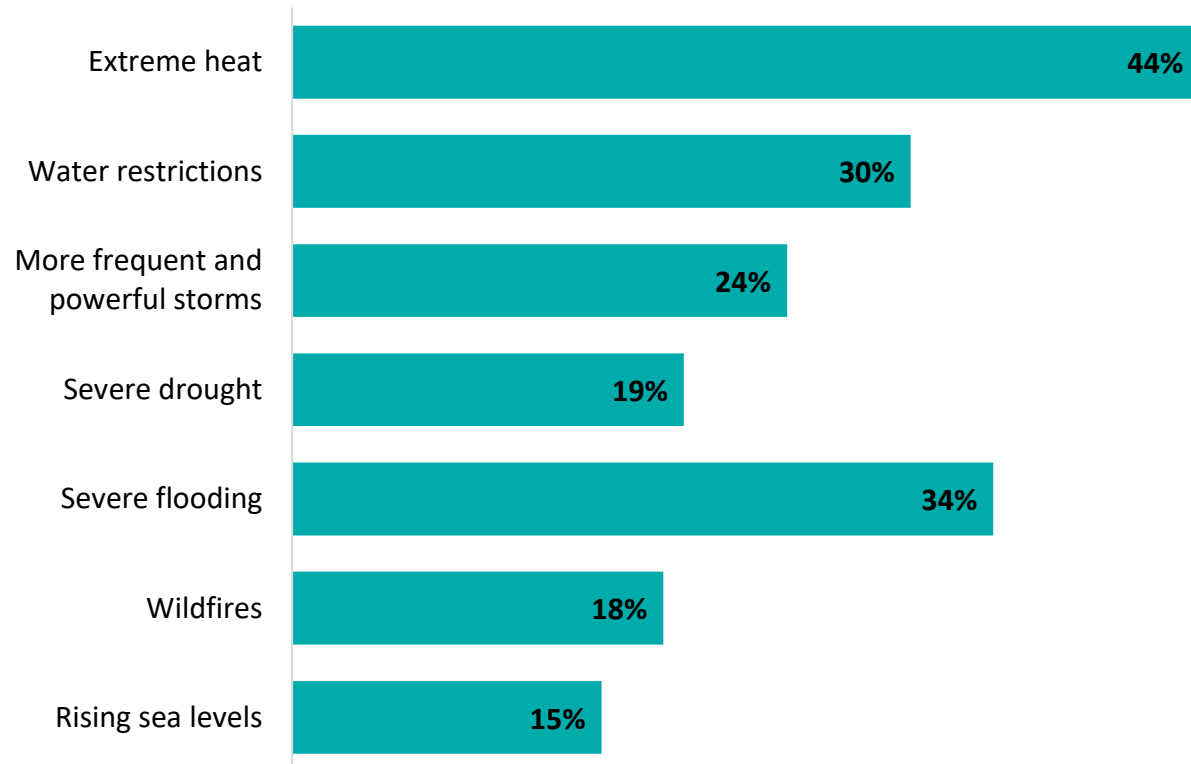
CxO's IN THE REGION ARE MORE OPTIMISTIC THAN GLOBAL PEERS

- 63% reported they feel concerned about climate change all or most of the time.
- CxO's in APAC are more optimistic - 86% of respondents in APAC are somewhat/extremely optimistic that the world will take sufficient steps to avoid the worst effects of climate change, compared to 78% of global respondents.
- Nearly all (89%) of respondents in APAC 'agree' or 'strongly agree' that the world can achieve economic growth while also reaching climate change goals.

Nearly half of CxO's in the region have personally experienced extreme heat in the last year.



Have you personally been impacted by any of the following in the last year?
(select all that apply)



CxOs IN APAC ARE FEELING THE IMPACTS OF CLIMATE CHANGE

- Nearly half of CxO's in the region have experienced extreme heat in the last year. One in three (34%) also experienced severe flooding – 7% more compared to the global sample.

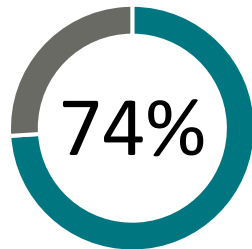
Companies feel broad pressure from stakeholder groups



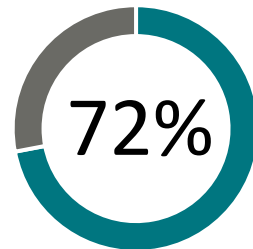
To what extent does your company feel pressure to act on climate change from your stakeholders?

(Respondants were asked to select all that apply)

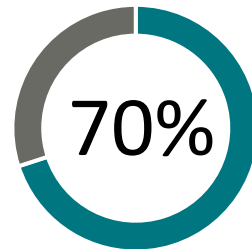
■ Feel pressure to a large/moderate extent



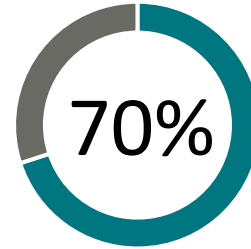
Board members/
management



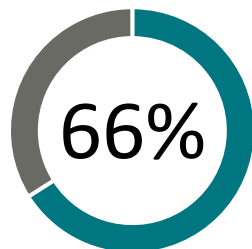
Regulators/
government



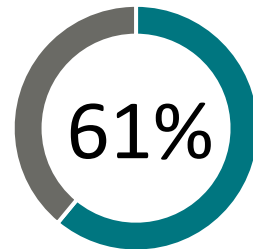
Consumers/clients



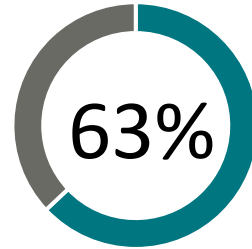
Shareholders/
investors



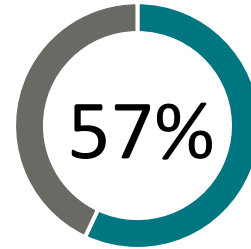
Employees



Civil society (e.g.,
media, activists)



Competitors/
peers



Banks/
lenders

THERE IS PRESSURE TO ACT ON CLIMATE CHANGE

Companies in APAC are feeling a greater pressure from nearly all stakeholder groups to act on climate change, compared to their global peers.

Employees have become an increasingly influential group: More than half of CxOs said employee activism on climate matters has led their organizations to increase sustainability actions over the last year—and 24% said employee activism led to a “significant” increase.

- Regulation is also influential: 65% of CxOs said the changing regulatory environment has led their organizations to increase climate action over the last year.

While more than 60% of CxOs in China, Japan, and India say that ensuring a “just transition” is extremely important to their organization, only 40% of their Australian counterparts feel the same

To what extent does climate equity or ensuring a “just transition”* factor into your company’s sustainability efforts?

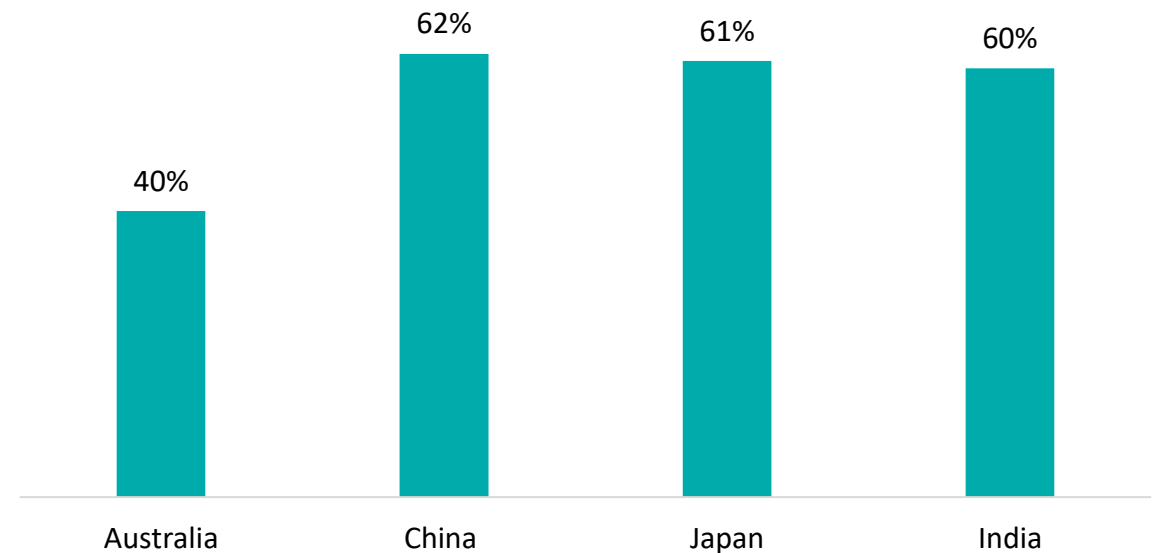
57%

say it is “extremely” important



**A just transition seeks to ensure that the substantial benefits of transitioning to a green economy are shared widely, while also supporting those who stand to lose economically—whether countries, regions, industries, communities, workers, or consumers.*

▲ Countries most likely to see this issue as extremely important



57% of CxOs say that ensuring a ‘just transition’ and ‘extremely important’ to their organizations.

Uneven concern

- 46% of CxOs say that ensuring a “just transition” is “extremely important” to their organizations. The view of its importance differs greatly by region and country:

- APAC is especially focused on a “just transition” with 57% of APAC CxOs saying, “it’s extremely important.” Countries most likely to see this issues as extremely important: South Africa (75%), Brazil (67%), the UAE (66%), China (62%), Japan (61%), and India (60%). Additionally, 76% of the “highly concerned group” of CxOs (referenced on page 8) are especially focused on a “just transition.”
- The countries least likely to see it as “extremely important”: Iceland (20%), Germany (25%), Norway (27%), Switzerland (27%), and the US (31%).

While organizations are acting,
they're struggling to move the needle



Which of the following actions/adaptations has your company already undertaken as part of its sustainability efforts?
(select all that apply)

TOP ACTIONS TAKEN

64%

Using more sustainable materials
(e.g., recycled materials, lower-emitting products)

61%

Increasing the efficiency of energy use (e.g., energy efficiency in buildings)

57%

Using energy-efficient or climate-friendly machinery, technologies, and equipment

52%

Training employees on climate change actions and impacts

HARDER-TO-IMPLEMENT, NEEDLE-MOVING ACTIONS* *As defined by Deloitte's analysis

53%

Developing new climate-friendly products or services

42%

Requiring suppliers and business partners to meet specific sustainability criteria

44%

Updating/relocating facilities to make them more resistant to climate impacts

33%

Tying senior leaders' compensation to environmental sustainability performance

31%

Incorporating climate considerations into lobbying/political donations

COMPANIES ARE TAKING ACTION

Companies in Asia Pacific are implementing a range of initiatives as part of their sustainability efforts, with energy efficiency and use of more sustainable materials leading the way.

CxOs struggle to adopt initiatives with longer-term financial benefits



I strongly agree my company's current sustainability efforts have a positive impact on...

(select top five)

▲ TOP FIVE BENEFITS SELECTED

54%

Brand recognition and reputation

40%

Customer satisfaction

41%

Innovation around offerings and operations

43%

Employee morale and well-being

42%

Addressing climate change

▼ BOTTOM FIVE

33%

Investor returns

30%

Revenue from new business

27%

Asset values

22%

Cost of investment

24%

Revenue from longstanding businesses

DIFFICULTY LINKING MORE TANGIBLE FINANCIAL OPPORTUNITIES TO CLIMATE INITIATIVES

Like last year, CxOs chose brand recognition and reputation, customer satisfaction, and employee morale and well-being as three of the top benefits of their companies' sustainability efforts, suggesting many CxOs see climate actions as a way to benefit stakeholder relationships.

- Overall, 42% of respondents in APAC believe their organizations' sustainability efforts will meaningfully address climate change.
- The lowest-ranked benefits (all financial) suggest CxOs continue to struggle to define the longer-term financial opportunities that sustainability measures offer.

Top Five Barriers to Driving Sustainability Efforts in Asia Pacific



Top five barriers to driving sustainability efforts
(select top five)

▲ TOP FIVE OBSTACLES

20%

Difficulty measuring environmental impact

20%

Too costly

13%

Focus on near-term business issues/demands from investors/shareholders

17%

Lack of political support and action for necessary change

19%

Insufficient supply of low-emissions inputs (e.g., renewable energy)

How serious do you think the following groups are about addressing climate change?



32%

said they believe the **private sector** is “very” serious



34%

said they believe **governments** around the world are “very” serious

BARRIERS TO ACTION AND IMPACT

- One-fifth of CxOs said the difficulty of measuring their organizations’ environmental impact was a top barrier and one-fifth cited cost and focus on near-term issues as barriers.

Recommendations for organizations

Our 2023 survey shows that CxOs believe that both their organizations and the global economy can continue to grow while reaching climate goals and reducing greenhouse gas emissions. So, how can they help close the gap between ambition and impact, break through the barriers to greater action, and start to balance the near-term costs of climate initiatives with the long-term benefits? Here's how they can get started:



Embed climate goals into the business' overall strategy and purpose: Often what impedes action isn't lack of intention; it's the [choices and tensions](#) that CxOs and boards must navigate to clearly define their organizations' stance on climate action. By developing a holistic view of their sustainability goals, then integrating that view into their enterprise purpose and strategy, CxOs can reduce or eliminate stakeholder dissonance—and help ensure leaders focus on strategically-aligned climate action.



Build trust by taking credible climate actions: Our survey uncovered skepticism about private sector and government commitments to address climate change. Organizations can fight against such distrust by ensuring the data they report is relevant and reliable. Third parties like [The Science Based Targets initiative](#) and [CDP](#) offer guidance and widely recognized frameworks to set and measure credible climate action. Additionally, organizations should support policy interventions and enforcement mechanisms to eliminate greenwashing and fraud.



Empower the board: As stewards of their organizations, boards can play a vital role in guiding businesses toward a more sustainable future by ensuring that long-term views are captured in management decision-making. However, boards must know the right questions to ask—and where to push to find robust solutions. Deloitte, in association with the World Economic Forum and Climate Governance Initiative, has [prepared guides](#) with key insights from chairs leading climate action. These guides consider how key stakeholder groups are responding to a climate-driven future, help chairs understand the decarbonization road map, and how to realize value through a “just transition.”



Recommendations for organizations



Encourage stakeholder action: Organizations can't drive change solely on their own; part of leading is enabling and influencing their stakeholders to act. For example, business leaders can collaborate with local and national governments in support of climate initiatives (something only 32% are currently doing, according to our survey) and work with their suppliers and business partners to meet specific sustainability criteria (something only 44% are doing). Leaders should also harness their employees' passion by offering climate trainings and involving them in their organization's sustainability work.



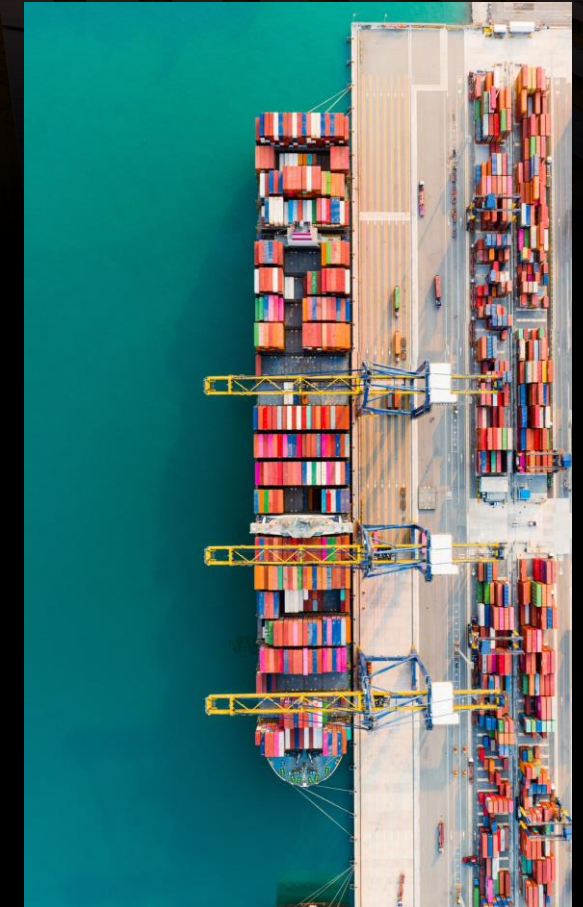
Consider the long-term opportunity: Nineteen percent of those surveyed cited the cost of climate initiatives as a barrier to increased action; yet, [research from Deloitte](#) has found that climate inaction could cost the global economy US\$178 trillion over the next 50 years. On the other hand, it could gain US\$43 trillion over the same period by rapidly accelerating the transition to net-zero. Although investing in the necessary change today may cause temporary financial discomfort, effective investments will pay off in the long run, especially as demand for sustainable products and services increases.



Invest in today's (and tomorrow's) technologies: Climate technology—whether it's electrification, sustainable aviation fuel, or carbon capture—plays a vital role. But understanding which technologies to invest in, how to find them, and how to deploy them effectively can be daunting, especially when each industry, geography, and organization requires its own path forward. [GreenSpace Tech by Deloitte](#) is uniquely positioned to tackle this challenge by helping businesses scan, assess, and connect to innovators and emerging and existing climate tech globally, and formulate effective strategies to apply those cutting-edge solutions.



Collaborate to drive systems-level change: The pace of transformation needed requires a coordinated approach between sectors and industries and throughout supply chains and regions. One company can only do so much when the necessary infrastructure (e.g., electric charging stations, renewable energy) is in low or uneven supply. System-wide engagement with industry peers committing to accountability can help drive rapid behavioral change. Government, business, and society must work together to achieve their shared sustainability objectives.





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, personnel or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.