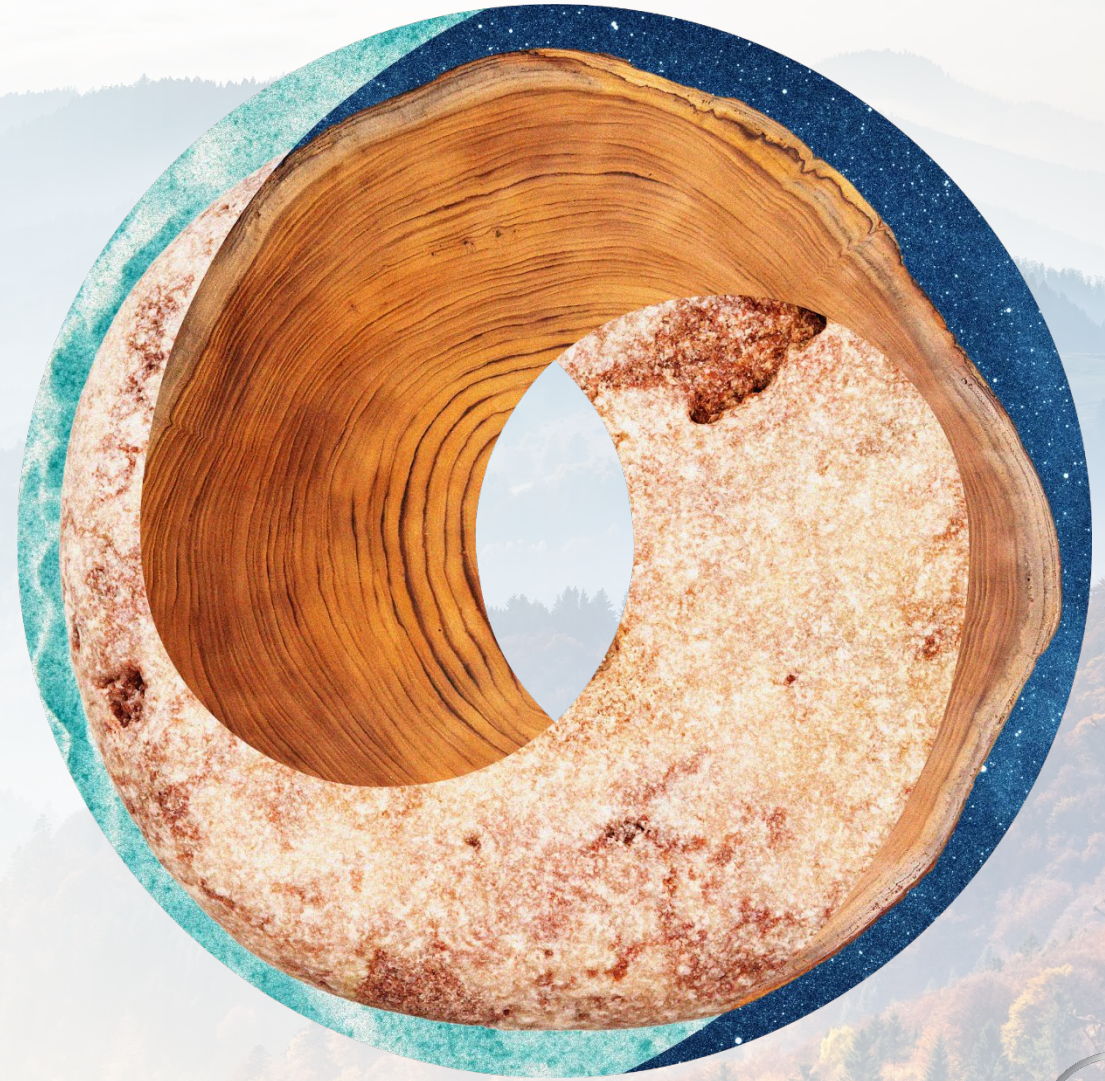




Deloitte 2024 CxO Sustainability Report

Consumer Industry Insights



December 2024



Global findings summary (1 of 2)

[Deloitte's 2024 CxO Sustainability Report](#), surveying over 2,100 executives across 27 countries on their views and strategies related to sustainability and climate change, marks a potential sea change in what benefits and opportunities companies see from their actions and underscores the staying power of sustainability on the business agenda.

Our survey indicates there is a notable increase in investment in sustainability efforts, and early but important signs that climate action moving to the heart of many companies' overall business strategies.

- Climate change continues to be one of the top three priorities for CxOs, surpassing political uncertainty, supply chain challenges, and talent competition.
- Global CxOs are prioritizing and increasing investments in sustainability, with 85% reporting an increase in investments, up from 75% last year.
- CxOs anticipate that climate change will significantly impact their companies' strategies and operations over the next three years, with 70% expecting a high or very high impact, up from 61% last year. Nearly half (45%) say they are transforming their business model to address climate change and sustainability in a way that is central to the organization's strategy.

Companies are appearing to realize the business potential in the shift to a low-emissions economy. More CxOs are citing sustainability as a driver of new products, business models, and value creation overall, rather than a compliance or brand-building exercise.

- Executives see few trade-offs between business success and climate action. 92% of CxOs believe their company can grow while reducing greenhouse gas emissions, and 90% believe the world can achieve economic growth while reaching climate change goals.
- This year saw more CxOs citing direct environmental and business impact, including customer loyalty, supply chain efficiency, and operating margins, rather than less tangible benefits such as improved brand recognition and reputation.
- The most anticipated benefit CxOs expect to see over the next five years is in innovation around offerings and/or operations.



Global findings summary (2 of 2)

Climate action can be an engine for innovation. While the need for innovation and technology investment might be seen as competing priorities to climate action, they can be crucial drivers of sustainability efforts, helping businesses to develop solutions that showcase the potential for new products and services that offer both environmental and business benefits.

- Innovation [(including Artificial Intelligence (AI))] ranks ahead of climate change as the number one most pressing challenge for CxOs over the next year, with 38% listing it in their top three.
- 50% of CxOs have already begun implementing technology solutions to help achieve climate or environmental goals, with another 42% expecting to undertake this work in the next two years. More than half of those who are already leveraging technology say they are using it to develop more sustainable products and services.
- Among leading organizations, 85% are developing new climate-friendly products or services, emphasizing the link between innovation and climate action.

Sustainability is an enduring part of the business agenda, but “holding the line” may not be sufficient. The landscape of climate action among businesses is highly uneven. While leading companies are driving change inside and outside their organizations, an even greater number have taken few if any of the most impactful actions. As the world moves toward a net-zero economy, their “go-slow” approach risks leaving them at a competitive disadvantage.

- Despite recognizing the impact of climate change on their operations and strategy, there is still a significant portion (27%) of organizations that have taken minimal or no “needle-moving actions.”

The majority of companies that were surveyed are neither leaders nor laggards, but have a critical opportunity to drive broader and deeper action. This “moderate middle” group represents a sleeping giant; if it awakens, it could tip the balance of corporate climate action and drive rapid change.

- More than half of organizations (56%) are focusing on two to three needle-moving actions. Many of these organizations fall into two categories: those that are pursuing the business of sustainability—serving the emerging green economy—and those focused on becoming a sustainable business—addressing their own environmental footprint and influencing the broader ecosystem, from supply chains to society. They are well-positioned to build on their existing efforts and to scale-up for even greater impact.

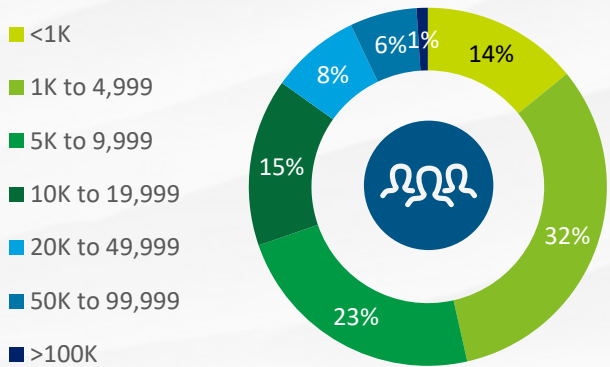
This report provides a view of the current climate action landscape among CxOs globally and explores the latent potential of that middle cohort: what actions they’re already taking, what challenges they face, and what lessons they can learn from leading companies that are modeling what a holistic approach to sustainability might look like to catalyze broader and deeper action within their organizations to unlock value.



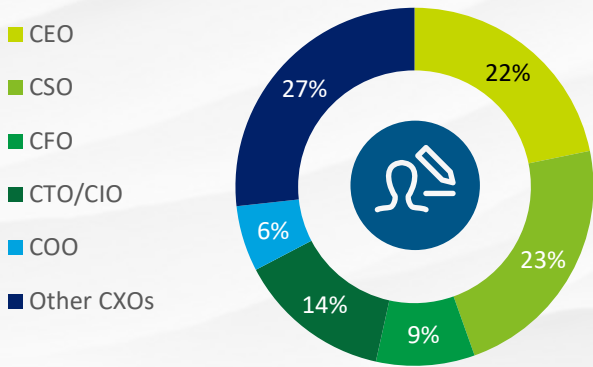
Consumer business profile

444 executives in the Consumer industry were surveyed

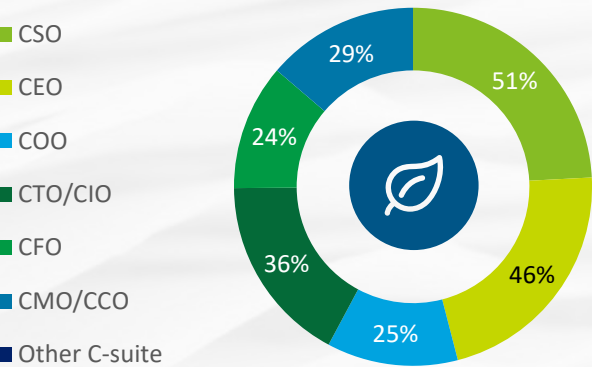
Number of employees



Job title



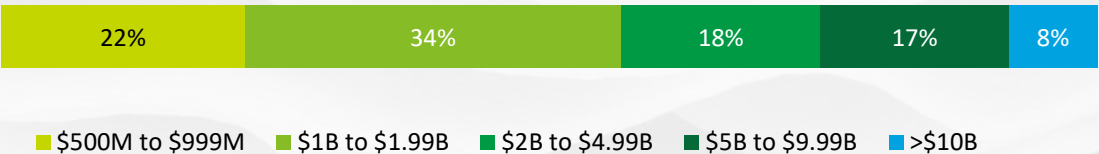
Position(s)* at your company responsible for climate goals



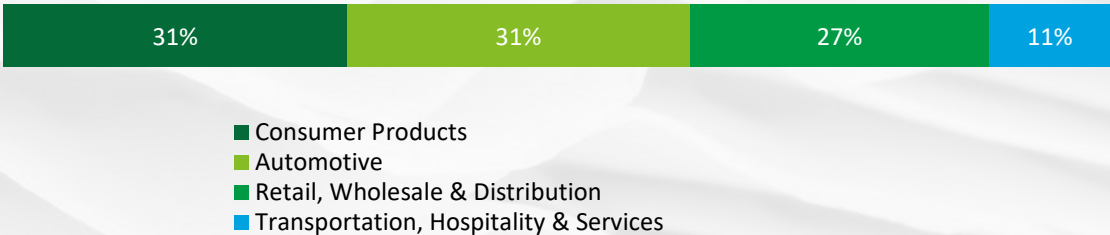
*Some respondents indicated multiple roles within the company have responsibility, resulting in the total percentage across roles exceeding 100%.



Revenue (US\$)



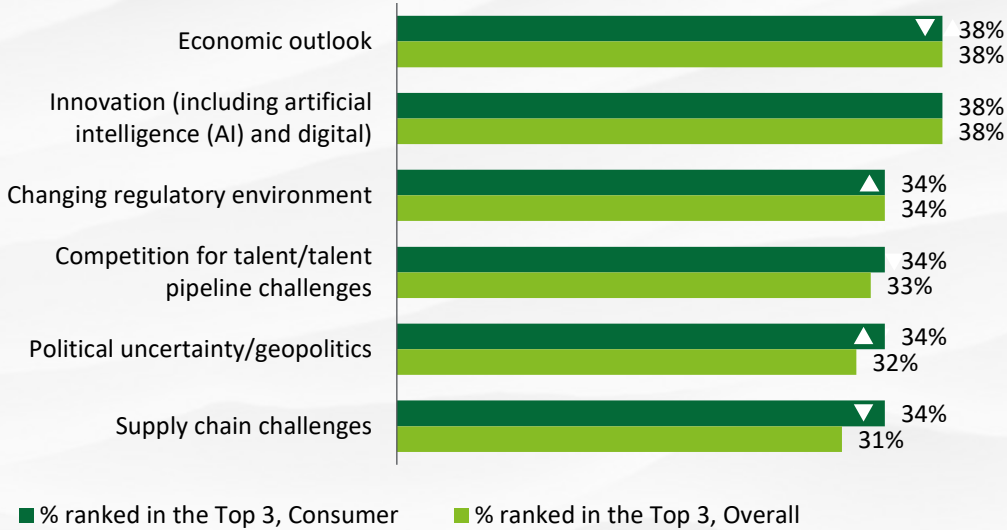
Sectors



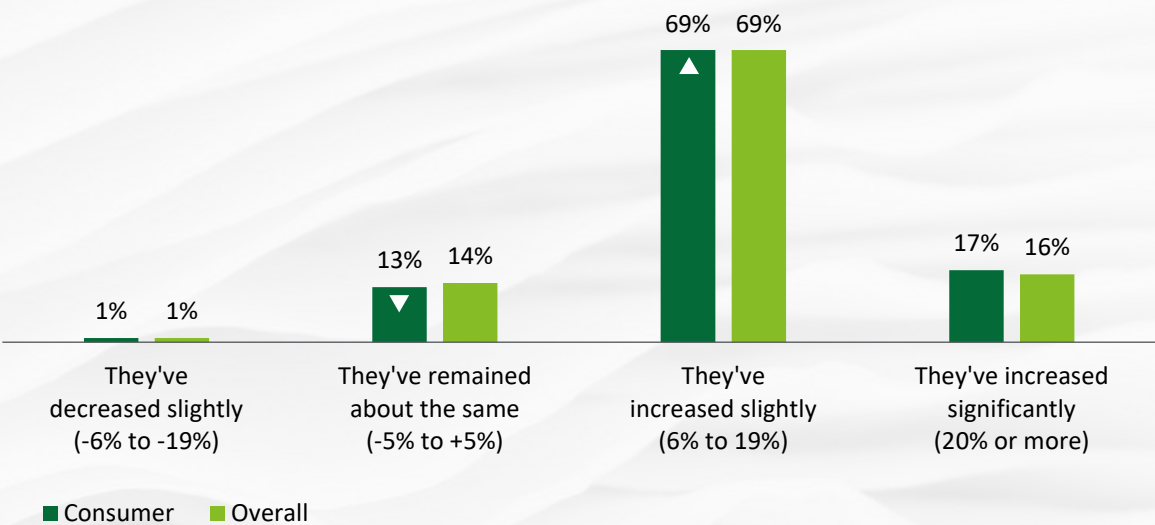
Other pressing issues are receiving priority over climate change



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



How have your sustainability investments changed over the last year?



In the Consumer industry, pressing issues other than climate change are taking precedence in organizational focus for the upcoming year. The economic outlook, innovation including AI and digital technologies are seen as top concerns.

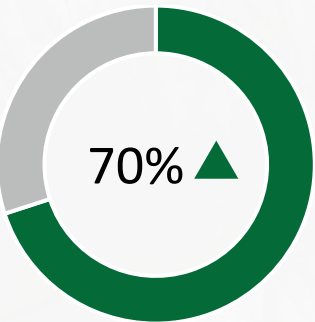
- Regarding sustainability investments, a significant portion of organizations in the Consumer industry have increased their investments slightly over the last year, with a notable number maintaining the same level of investment.
- However, the proportion of those increasing investment closely mirrors the overall trend, reflecting a commitment to sustainability despite competing priorities.

▲ ▼ Arrows indicate increases or decreases of 5% or more compared to 2023 where applicable.

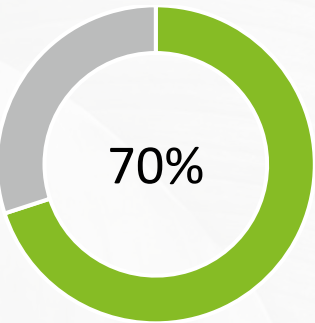
Climate change’s impact on strategies and operations is growing



Executives who expect climate change to impact their company’s strategy and operations to a high/very high extent over the next 3 years



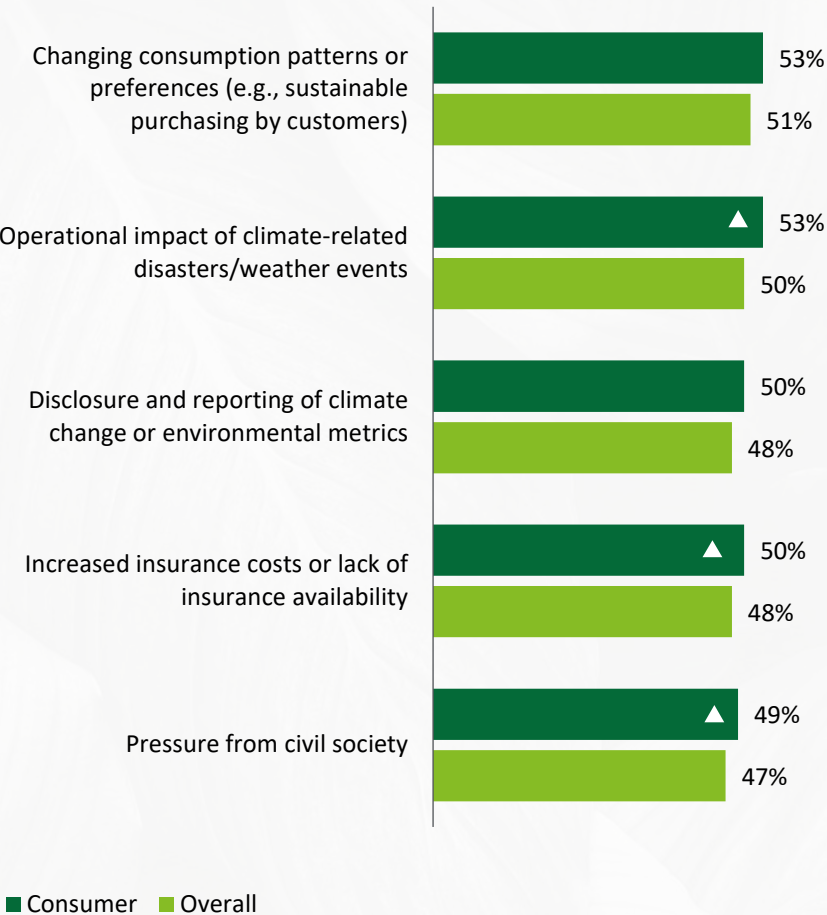
Consumer



Overall



Top climate issues already impacting companies (Select all that apply)



In the Consumer industry, the expectation that climate change will significantly impact company strategies and operations over the next three years is strong, aligning with overall expectations.

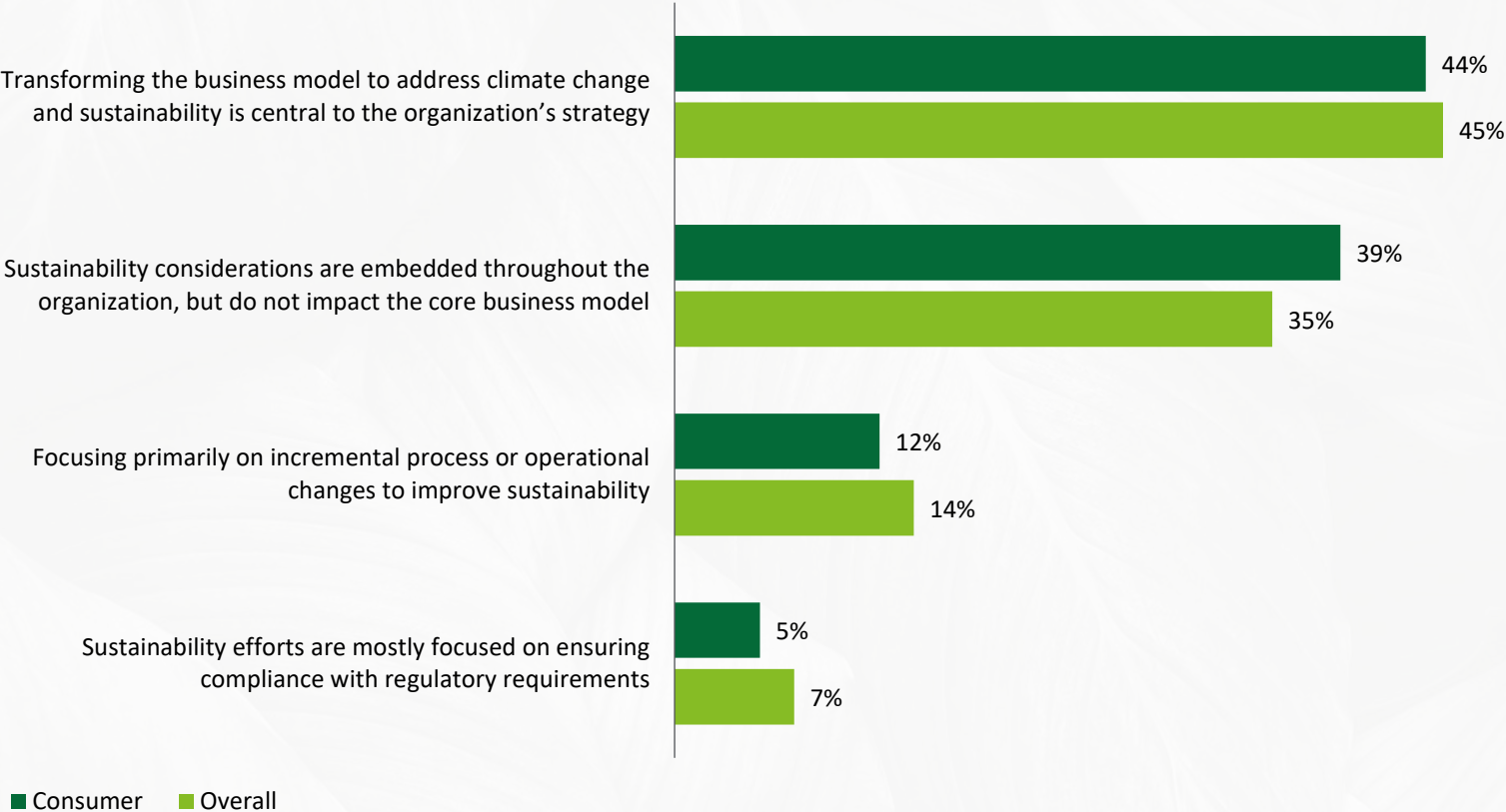
- The most pressing climate-related challenges identified by executives include changing consumption patterns, and operational impacts from climate-related disasters.
- Year-over-year, there is a noticeable rise in concerns about the operational impacts of climate events, the cost of insurance, and civil society pressure, each of which have slightly increased compared to the previous year.

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Many organizations take comprehensive approaches to corporate sustainability



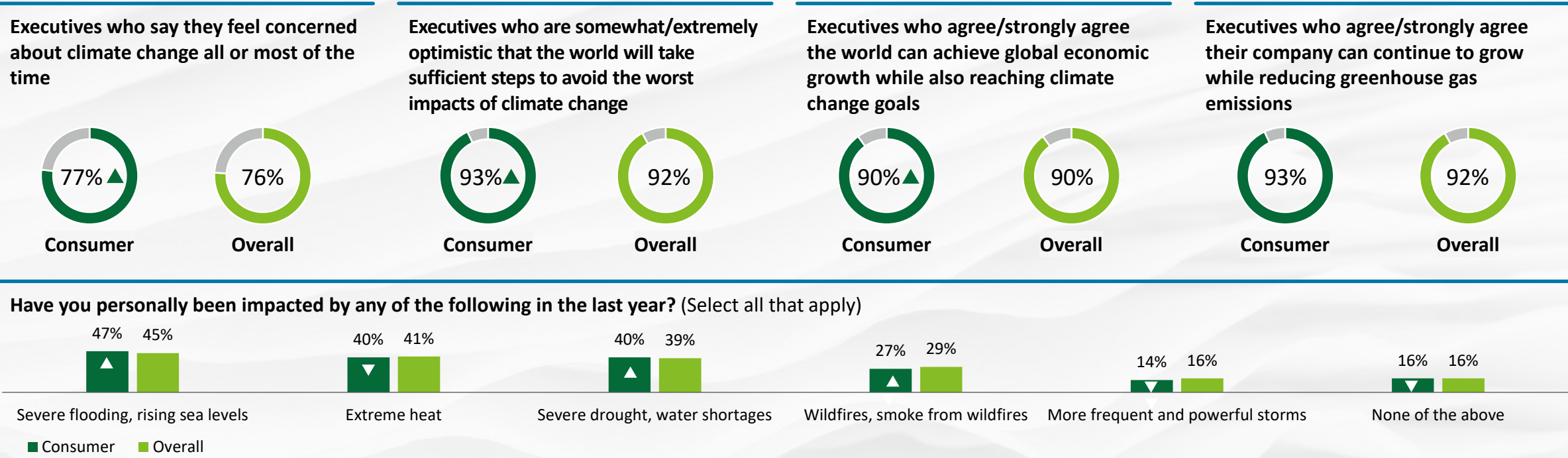
Which of the following statements best describes your company’s current approach to environmental sustainability and climate change challenges? (Select one)



A significant portion of organizations in consumer industries are transforming their business models to make climate change and sustainability central to their strategies.

- Many companies are also embedding sustainability considerations throughout their operations, although some are still primarily focused on incremental changes or regulatory compliance.

CxOs feel the impacts of climate change, yet are optimistic about the potential for effective action



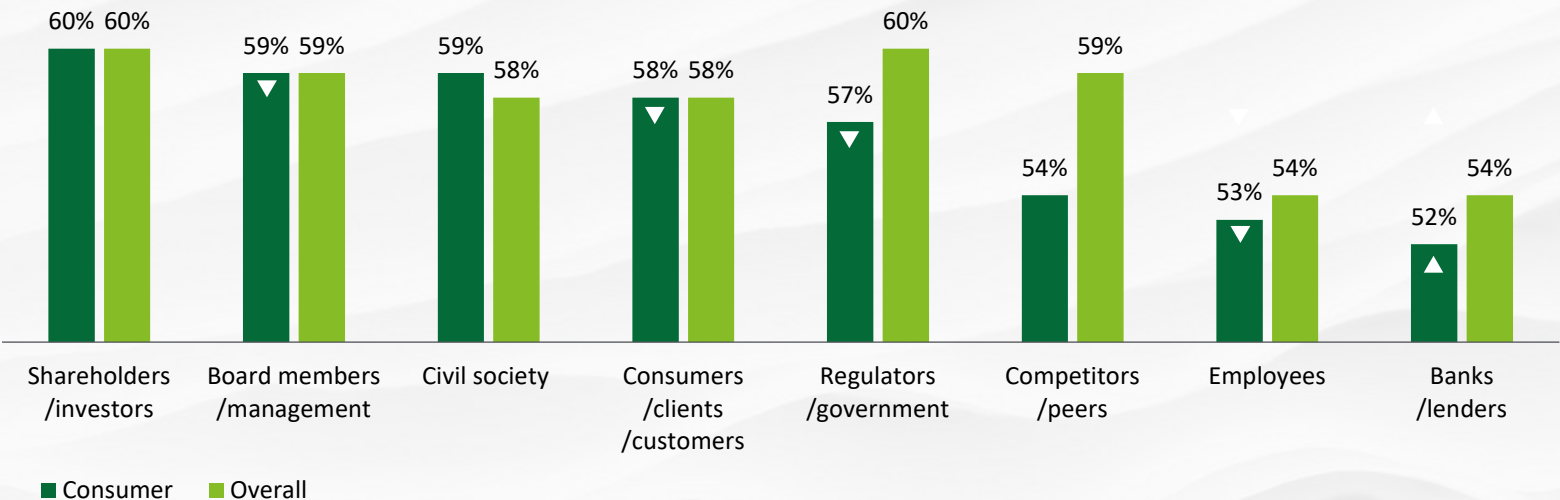
A majority of executives in consumer-focused companies express concern about climate change, with a large portion feeling the impacts personally over the past year.

- Despite these concerns, there is a strong sense of optimism within the industry that effective action can be taken to help mitigate these impacts. Executives are increasingly confident that global economic growth can be achieved while simultaneously reaching climate goals, and they believe their companies can continue to grow while reducing greenhouse gas emissions.
- This optimism is reflected in the industry’s resilience and proactive stance toward climate-related challenges. Year-over-year changes indicate that this optimism and concern have grown.

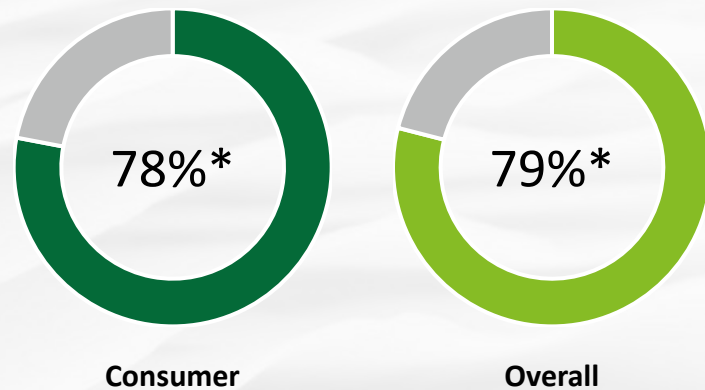
Companies feel broad pressure from stakeholder groups



Executives who feel pressure from the following stakeholders to act on climate change to a moderate/large extent



Average percentage of organizations feeling pressure across stakeholders' groups to increase climate action



* Number represents average across all stakeholder groups of those who selected Somewhat or Significantly increase climate action.

In the Consumer industry, companies are feeling pressure from a wide range of stakeholders to take action on climate change.

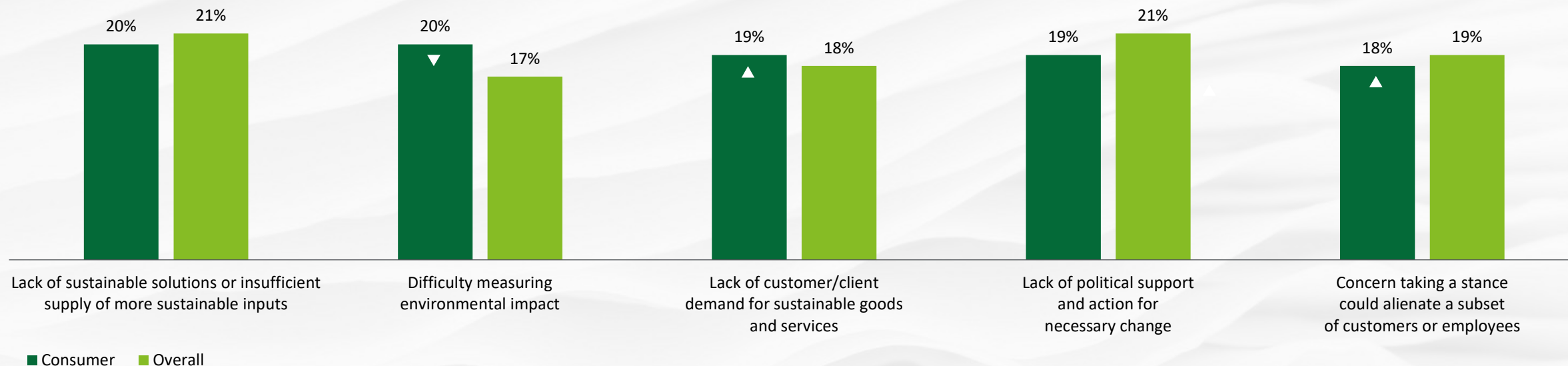
- The level of pressure felt by executives in consumer industries to increase climate action closely mirrors overall trends, indicating a broad-based demand for a higher level of action.
- The year-over-year changes reflect a stable or slightly decreased pressure from many stakeholders.

▲ ▼ Arrows indicate increases or decreases of 5% or more compared to 2023 where applicable.

A varied set of barriers adds further complexity to helping address climate action



Top five obstacles cited to driving sustainability efforts



In the Consumer industry, several key obstacles are hindering progress in sustainability efforts.

- One major challenge is the lack of sustainable solutions or the insufficient supply of more sustainable inputs. This challenge closely mirrors overall trends but is particularly impactful in an industry that relies heavily on supply chains.
- Additionally, the difficulty in measuring environmental impact is a more pressing concern in the Consumer sector than the overall cross-industry view, underscoring the ongoing struggles companies face in quantifying their sustainability initiatives effectively.
- Moreover, the lack of customer or client demand for sustainable goods and services presents a barrier. This has increased since the previous study, indicating a potential gap between consumer expectations and market offerings.

▲ ▼ Arrows indicate increases or decreases of 5% or more compared to 2023 where applicable.

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The benefits of climate action have diversified and moved beyond recognition and reputation



Greatest benefits of sustainability efforts

Top five benefits for Consumer executives so far

40% ▼

Customer satisfaction and loyalty

Overall = 38%

39%

Addressing climate change

Overall = 39%

38%

Ability to recruit and retain talent

Overall = 34%

38% ▲

Revenue from new businesses

Overall = 35%

37%

Long-term organizational resilience

Overall = 36%

Top five benefits expected by Consumer executives in the next five years

40%

Innovation around offerings and/or operations

Overall = 38%

39% ▲

Asset values

Overall = 35%

38%

Long-term organizational resilience

Overall = 36%

38%

Cost savings/lower cost of capital

Overall = 36%

36%

Revenue from new businesses

Overall = 36%

The top benefits of sustainability efforts so far have shifted beyond just recognition and reputation and now encompass a broader range of advantages. While customer satisfaction and loyalty remain a top benefit, there has been a slight decrease year-over-year, reflecting a trend that aligns closely with the overall average.

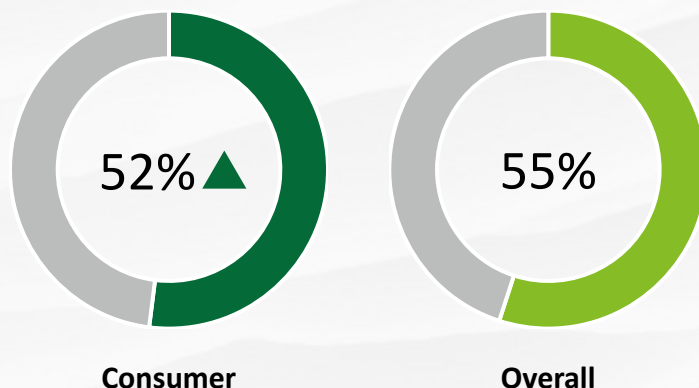
- Addressing climate change and improving the ability to recruit and retain talent are also significant benefits, showing parity with overall data.
- Looking ahead to the next five years, the benefits of innovation around offerings and operations and asset values are expected to be particularly significant, with the latter showing an increase compared to previous years.

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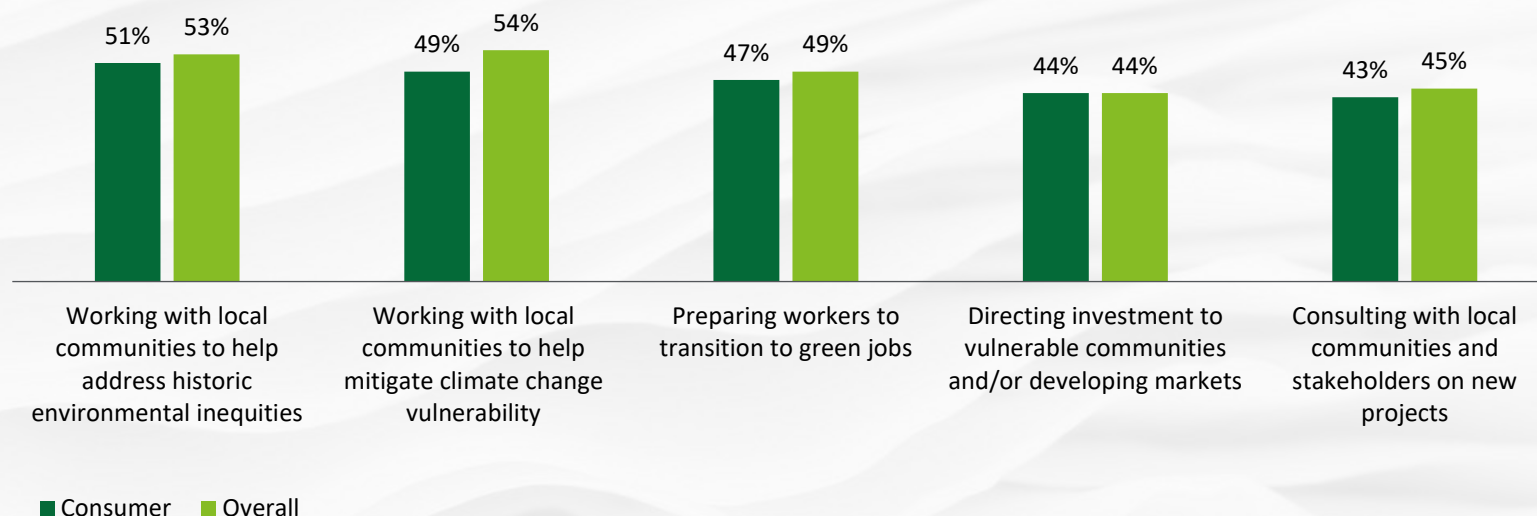
The importance of climate equity and a just transition in sustainability efforts continues to grow



Executives who say climate equity and ensuring a just transition are extremely important in their companies' sustainability efforts



How is your organization factoring climate equity or ensuring a just transition into its sustainability efforts?



In the Consumer industry, the importance of climate equity and a just transition is increasingly recognized, with a slight increase in the number of executives who consider it crucial to their sustainability efforts.

- While this industry's commitment aligns closely with overall trends, there is a noticeable emphasis on collaborating with local communities to help address historic environmental inequities and mitigate climate change vulnerabilities.
- Preparing workers for green jobs and directing investments to vulnerable communities are also significant areas of focus, reflecting a holistic approach to sustainability that balances environmental and social considerations.

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Organizations are taking a range of sustainability actions to help meet environmental goals



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

Top actions taken by Consumer executives

54% ▼

Using more sustainable materials
Overall = 51%

51%

Implementing technology solutions to help achieve climate or environmental goals
Overall = 50%

50%

Developing new climate-friendly products or services
Overall = 48%

50%

Training employees on climate change or sustainability
Overall = 46%

50%

Requiring suppliers and business partners to meet specific sustainability criteria
Overall = 47%

Harder-to-implement, needle-moving actions*

50%

Developing new climate-friendly products or services
Overall = 48%

50%

Requiring suppliers and business partners to meet specific sustainability criteria
Overall = 47%

45% ▲

Reconfiguring operations, infrastructure, and/or supply chain to be more climate-resilient
Overall = 46%

43% ▲

Lobbying for or making political donations in support of climate initiatives
Overall = 44%

41% ▲

Tying senior leaders' compensation to environmental sustainability performance
Overall = 43%

* As defined by Deloitte Global analysis

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Organizations are taking a broad range of actions to help meet environmental goals, with a significant focus on using more sustainable materials, although there has been a slight decrease in this area compared to last year.

- Implementing technology solutions and developing new climate-friendly products or services are also prominent strategies, aligning closely with overall trends.
- The industry is also prioritizing harder-to-implement actions, such as reconfiguring operations and tying senior leaders' compensation to sustainability performance, both of which have seen an increase compared to the previous year.

▲ ▼ Arrows indicate increases or decreases in percentage compared to 2023 where applicable.

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