



## Deloitte 2023 CxO Sustainability Report

Accelerating the Green Transition | **Australia**

## Global summary

Over the last year, global executives have faced a number of challenges, including economic uncertainty, geopolitical conflict, supply chain disruptions, and talent shortages. 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 as organisations are slower to implement the “needle-moving” actions that embed sustainability into the core of their strategies, operations, and cultures, according to **Deloitte’s survey of more than 2,000 CxOs across 24 countries**.

- The following deck examines **how Australia’s executives stand out from their global counterparts** on key themes.

### Key global findings:

When asked to rank the issues most pressing to their organisation, **many CxOs rated climate change as a “top three issue,”** ahead of seven others, including innovation, competition for talent, and supply chain challenges. In fact, only economic outlook ranked slightly higher. Many CxOs **(61%) said climate change will have a high/ very impact on their organisation’s strategy and operations** over the next three years. **Some 75% said their organisations have increased their sustainability investments** over the past year, nearly 20% of whom say they’ve increased investments significantly.

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

- **62% said they feel concerned about climate change all or most of the time.**
- Almost all respondents indicated their companies were negatively impacted by climate change in some way over the last year, and **82% of CxOs have been personally impacted.**
- **Yet, 78% 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:

- More than half of CxOs said **employee activism on climate matters has led their organisation to increase sustainability actions over the last year**—24% of which said it led to a “significant” increase.
- Regulation is also influential: **65% of CxOs said the changing regulatory environment has led their organisation to increase climate action over the last year.**

### ORGANISATIONS 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 cultures and have the senior leader buy-in and influence to effect meaningful transformation.

- For example, **21% of CxOs indicate their organisations have no plans to tie senior leader compensation** to environmental sustainability performance and **30% say they have no plans to lobby government** for climate initiatives.
- Additionally, when asked about how serious certain groups are about addressing climate change, **only 29% of CxOs said they believe the private sector is “very” serious.**
- And **only 46% say that ensuring a “just transition” is “extremely important”** to their organisation, and the view of its importance differs greatly by region and country.

*Our report further explores the disconnects between ambition, action, and impact as well as steps CxOs can take to bridge the divide and accelerate progress to a green transition.*

# Australia country profile

- We surveyed **105 executives** in Australia.

## AUSTRALIA BUSINESS PROFILE:

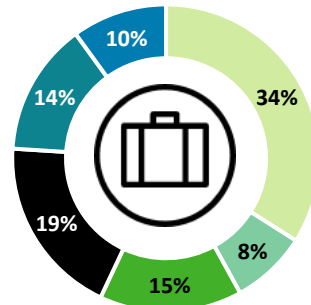


### Number of Employees

- <1K: **36%**
- 1K to 4,999: **40%**
- 5K to 9,999: **16%**
- 10K to 19,999: **14%**
- 20K to 49,999: **10%**
- 50K to 99,999: **3%**
- >100K: **2%**

### Job Title

- CEO
- CSO
- CFO
- CTO/CIO
- COO
- Other CXOs



### Revenue



- \$500M to \$999M
- \$1B to \$1.99B
- \$2B to \$4.99B
- \$5B to \$9.99B
- >\$10B



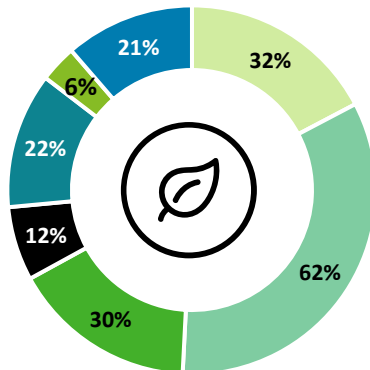
### Industry



- Consumer
- Energy, Resources & Industrials
- Financial Services
- Life Sciences & Health Care
- Technology, Media & Telecom

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

- CSO
- CEO
- COO
- CTO/CIO
- CFO
- CMO/CCO
- Other C-suite

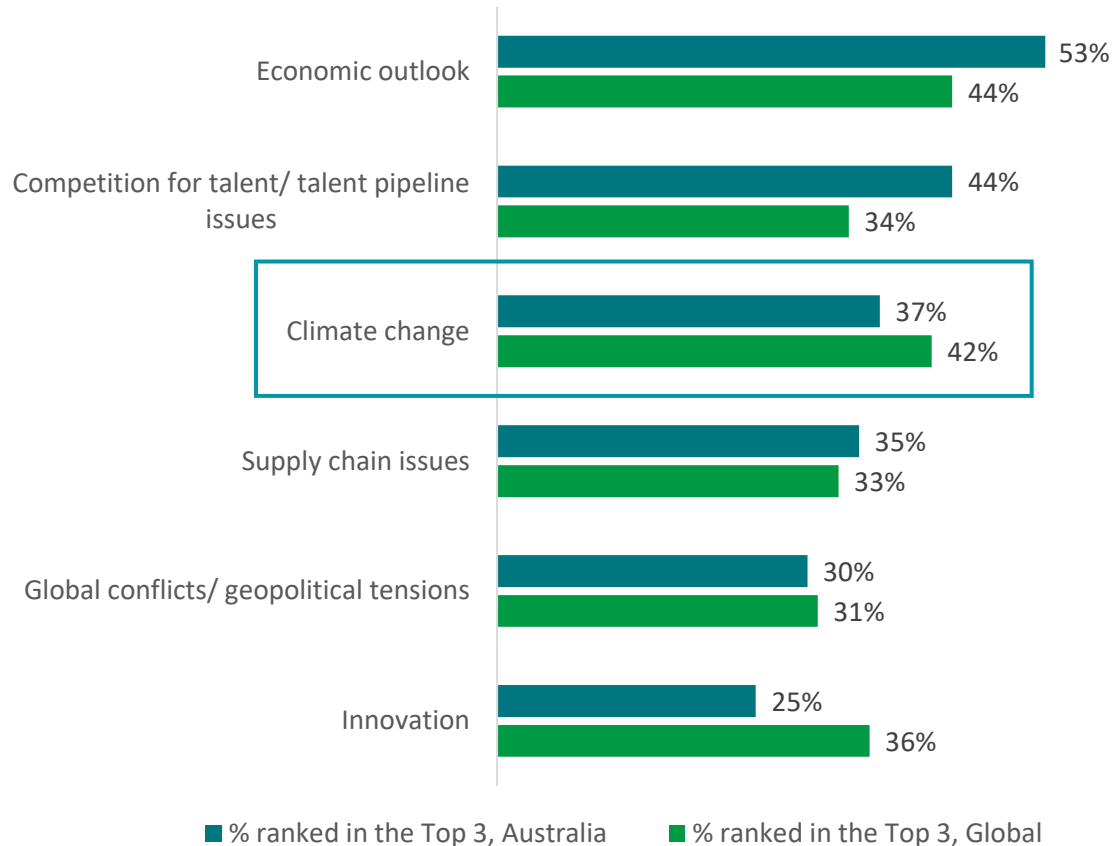


# Climate remains a top priority despite other pressing issues

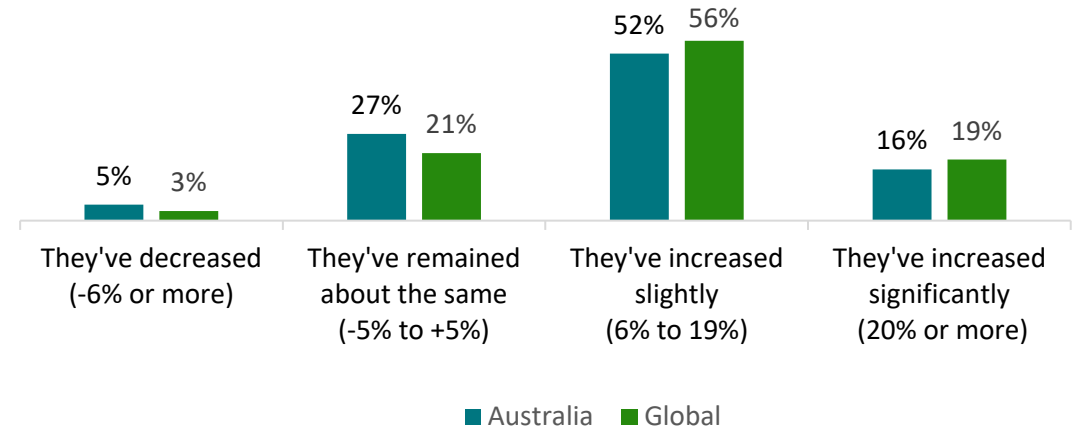
- Australian CxOs ranked climate change as a slightly lower priority compared to global executives (37% called it a “top three priority” compared to 42% of global CxOs). Australian CxOs ranked “economic outlook” and “competition for talent” higher on their list of priorities.
- However, the importance of climate change is seen in Australian organisations’ investments over the last year: 68% have increased their sustainability investments (slightly lower than the global average of 75%), 16% of whom say they’ve increased investments significantly. Only 5% of Australian organisations have decreased sustainability investments.



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



## How have your sustainability investments changed over the last year?

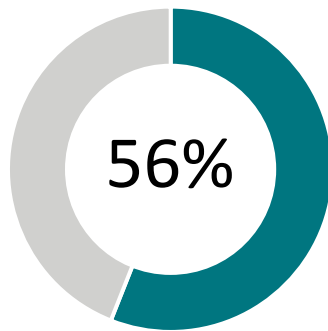


# Organisations feel the impact of climate change

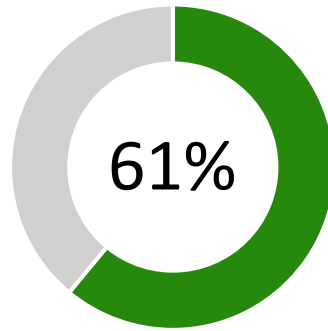
- 56% of Australian CxOs say climate change is likely to impact their companies' strategies and operations to a "high/very high" degree over the next three years, which is slightly lower than the global average.
- Almost all respondents indicated climate change has impacted their organisation over the past year. Australian organisations are more likely than the global average to feel the following negative effects of climate change: operational impacts, changing consumption patterns, and increased insurance costs.



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



**Australia**



**Global**



**Top climate issues already impacting companies**  
*(select all that apply)*

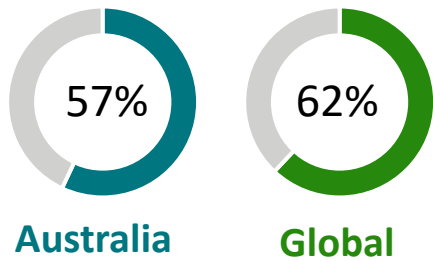
Australia	Global	
53%	41%	Operational impact of climate-related disasters/ weather events
52%	45%	Changing consumption patterns or preferences (e.g., impact of climate change on customers/clients)
50%	43%	Increased insurance costs or lack of insurance availability
46%	46%	Resource scarcity/cost of resources
44%	42%	Regulatory/ political uncertainty
42%	41%	Shareholder pressure

# CxOs are worried about climate change but optimistic about climate action

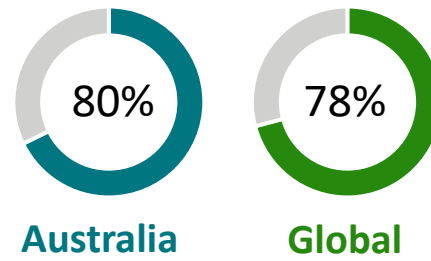
- 80% of Australian CxOs are somewhat or extremely optimistic that the world will take sufficient steps to avoid the worst impacts of climate change. Despite this optimism, 57% say they feel concerned about climate change all or most of the time. Australian CxOs are also optimistic (though slightly less so than the global average) that the world can achieve global economic growth while also reaching climate change goals.
- 84% of Australian CxOs (compared to 82% of global) have been personally impacted by climate events in some way with wildfires, severe flooding, and extreme heat the most frequently-cited issues.



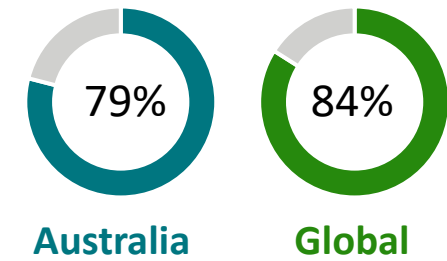
Leaders who say they **feel concerned about climate change** all or most of the time



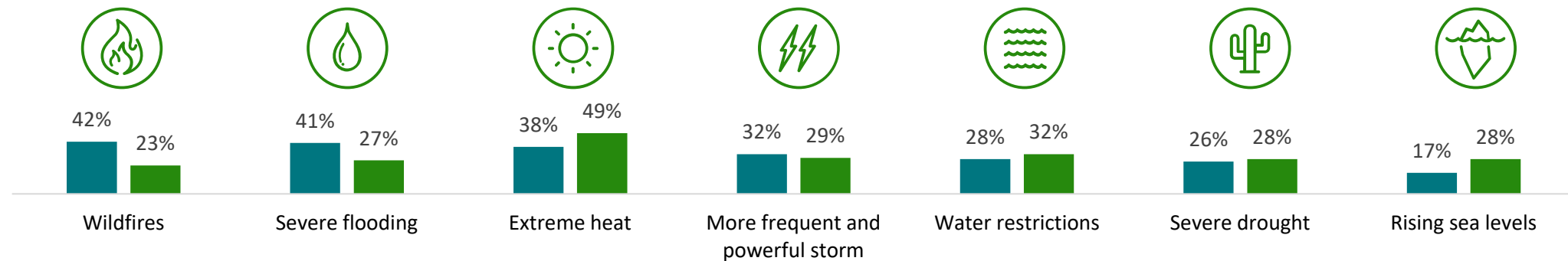
Leaders who are somewhat/ extremely optimistic **the world will take sufficient steps to avoid the worst impacts of climate change**



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



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



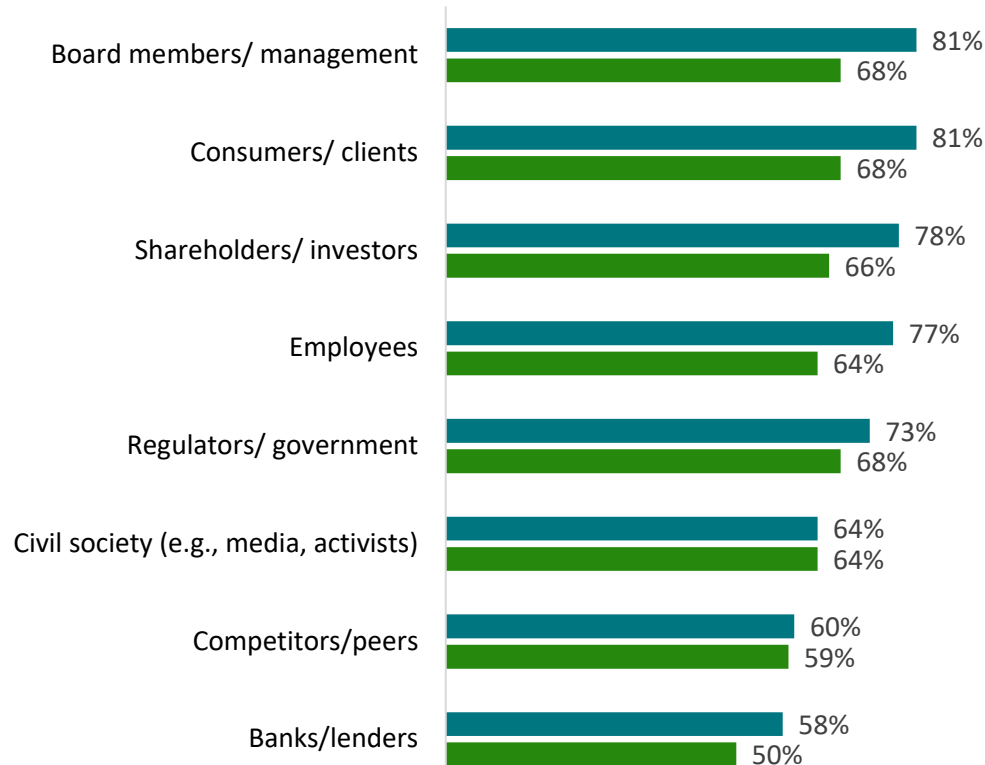
# Companies feel broad pressure from stakeholder groups

- Australian CxOs (like their global counterparts) are feeling a moderate-to-large degree of pressure to act on climate change from many different stakeholder groups. In fact, Australian CxOs are much more likely than the global average to say they're feeling pressure from board members/management, consumers/clients, shareholders/investors, employees, and regulators/government.
- The majority of Australian CxOs (and a higher percentage than the global average) also say the changing regulatory environment and employee activism has increased their organisation's sustainability action over the past year.



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

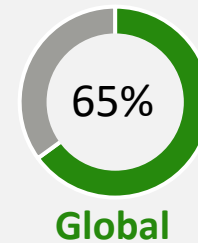
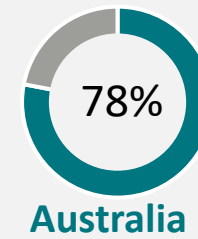
(select all that apply, to a moderate/large extent)



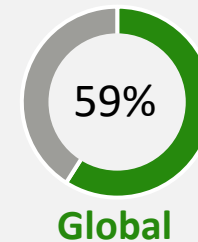
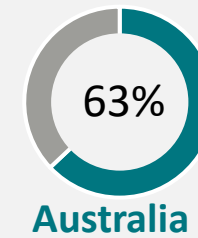
■ Australia ■ Global



Leaders who selected **changing regulatory environment** as a matter that slightly/significantly increased their organisation's sustainability action over the last year.



Leaders who selected **employee activism** as a matter that slightly/significantly increased their organisation's sustainability action over the last year.

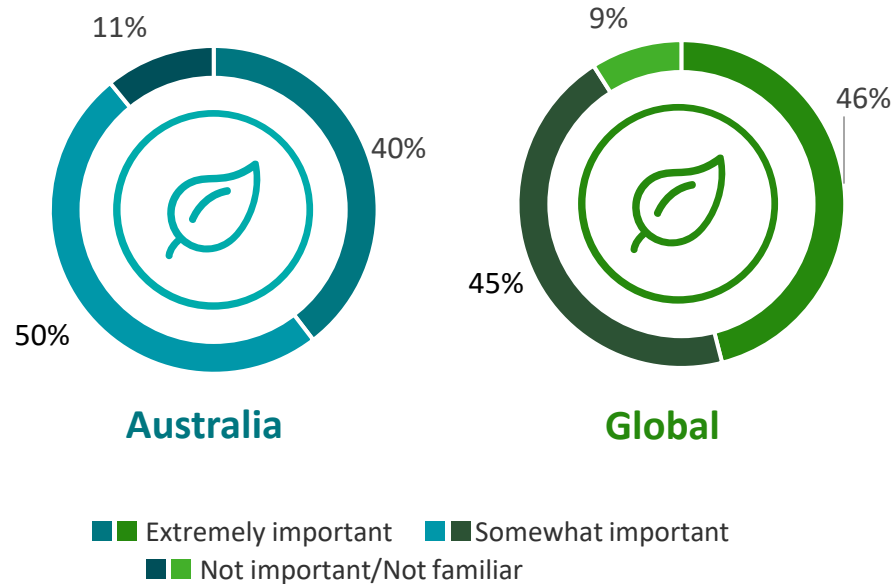


# Many organisations express concern about a “just transition”, but focus uneven among countries

- 40% of Australian CxOs say that ensuring a “just transition” is extremely important to their organisation compared to 46% of global executives.
- Australia ranks 15<sup>th</sup> among the 24 countries we polled when rating a just transition as “extremely important.”

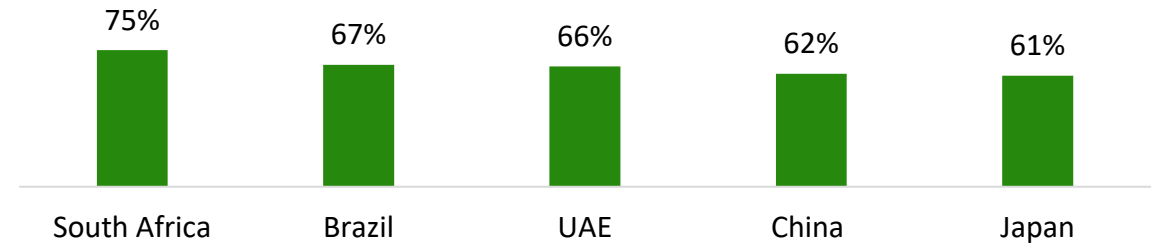


## To what extent does climate equity or ensuring a “just transition”\* factor into your company’s sustainability efforts?

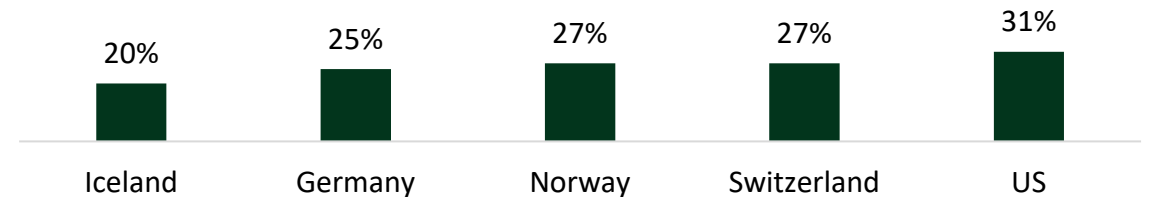


\*A just transition seeks to ensure that the substantial benefits of transitioning to a green economy are shared widely, while also supporting those who stand to lose economically—whether countries, regions, industries, communities, workers, or consumers

## ▲ Countries most likely to see this issue as extremely important



## ▼ Countries less likely to see this issue as extremely important



**Australia ranks 15<sup>th</sup> among countries rating a “just transition” as extremely important**



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

- Australian companies are more likely than the global average to be focused on increasing the efficiency of energy use, using more energy-efficient or climate-friendly technologies, and developing new climate-friendly products/services. They're less likely than the global average to be undertaking some of the "needle-moving" actions defined by Deloitte's analysis, including requiring suppliers to meet sustainability criteria, relocating/updating facilities to be more climate resilient, and tying leader compensation to climate goals.
- Australian CxOs are also even more skeptical than the global average about the seriousness of the private sector and government's commitments to address climate change.

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



### TOP ACTIONS TAKEN

65%

Increasing the efficiency of energy use (e.g., energy efficiency in buildings)  
Global = 59%

60%

Using more sustainable materials (e.g., recycled materials, lower emitting products)  
Global = 59%

60%

Using energy-efficient or climate-friendly machinery, technologies, and equipment  
Global = 54%

54%

Developing new climate-friendly products or services  
Global = 49%

48%

Training employees on climate change actions and impacts  
Global = 50%



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

54%

Developing new climate-friendly products or services  
Global = 49%

40%

Requiring suppliers and business partners to meet specific sustainability criteria  
Global = 44%

38%

Updating/relocating facilities to make them more resistant to climate impacts  
Global = 43%

29%

Incorporating climate considerations into lobbying/political donations  
Global = 32%

28%

Tying senior leaders' compensation to environmental sustainability performance  
Global = 33%

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



Australia 23% Global 29%

said they believe the private sector is "very" serious



Australia 22% Global 28%

said they believe governments around the world are "very" serious

# Benefits of climate strategy and obstacles that impede impact

- Australian CxOs see brand reputation, employee morale, innovation around offerings, and customer satisfaction as the top benefits of their current sustainability efforts. Like the global findings, Australian CxOs ranked “addressing climate change” fifth on the list of benefits. Like the global population, Australian CxOs are much less likely to see the more tangible, financial benefits of their current climate efforts.
- Australian CxOs cite difficulty measuring impact, cost, and the magnitude of change needed as their top barriers to more climate action.



***I strongly believe my company’s current sustainability efforts have/will have a positive impact on the following***  
(select all that apply)

## ▲ TOP FIVE BENEFITS SELECTED

55%

**Brand recognition and reputation**  
Global = 52%

51%

**Employee morale and well-being**  
Global = 42%

48%

**Innovation around offerings and operations**  
Global = 43%

48%

**Customer satisfaction (e.g., meeting client expectations)**  
Global = 44%

42%

**Addressing climate change**  
Global = 40%

## ▼ BOTTOM FIVE

31%

**Investor returns**  
Global = 31%

27%

**Revenue from new business**  
Global = 29%

25%

**Revenue from longstanding businesses**  
Global = 23%

19%

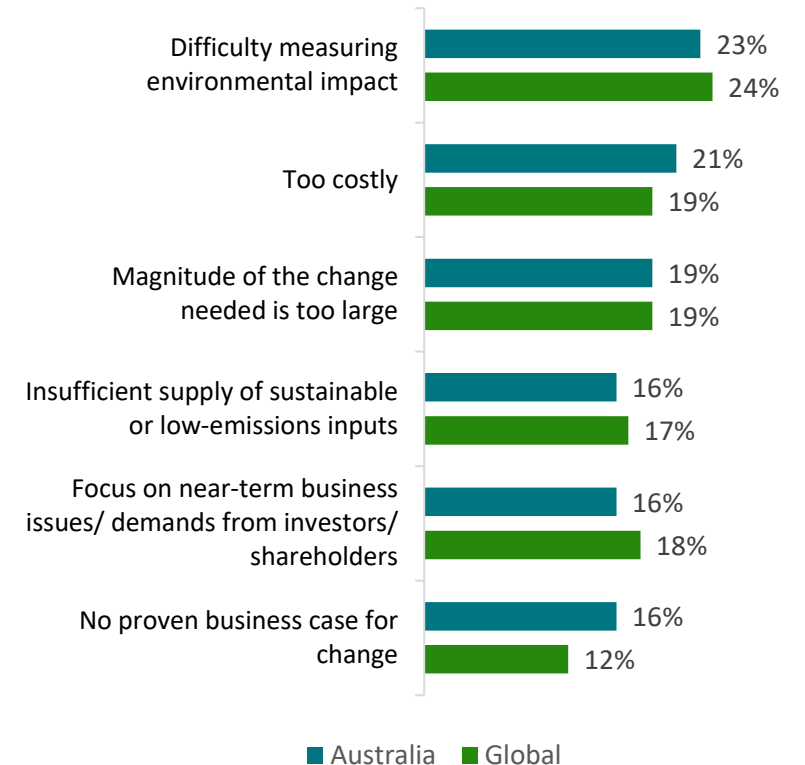
**Asset values**  
Global = 25%

15%

**Cost of investment**  
Global = 24%



***Top five obstacles to driving sustainability efforts*** (Select top two)





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