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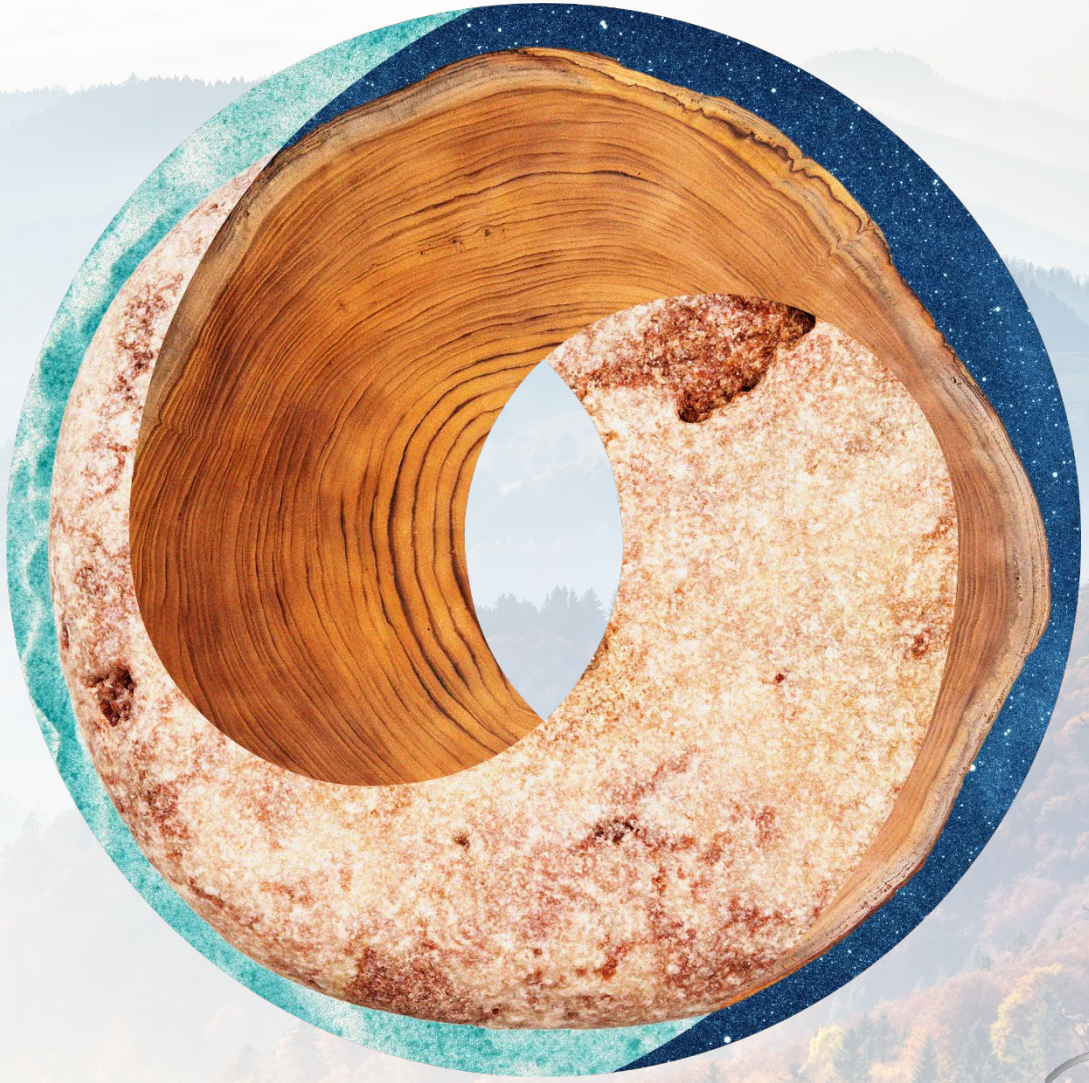
# Deloitte 2024 CxO Sustainability Report

## Financial Services Industry insights



MAKING AN IMPACT THAT MATTERS since 1845

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.

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# 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.**

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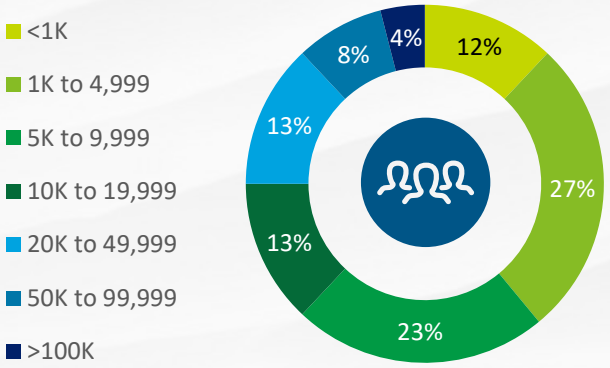
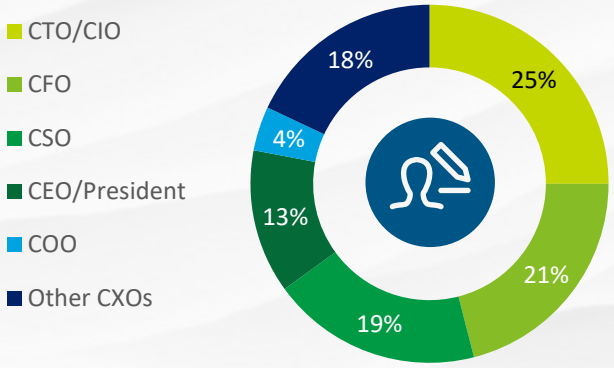
# Financial Services business profile

*380 executives in the Financial Services industry were surveyed*

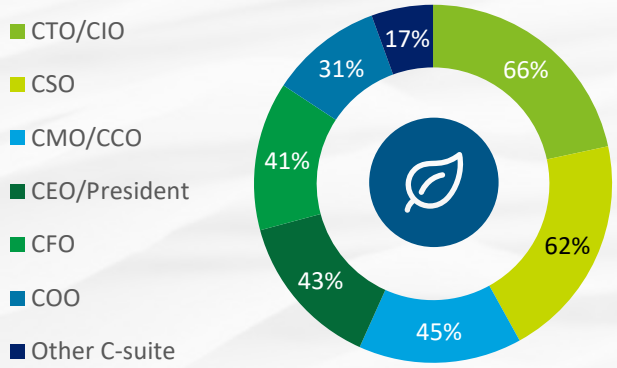
## Number of employees




## Job title

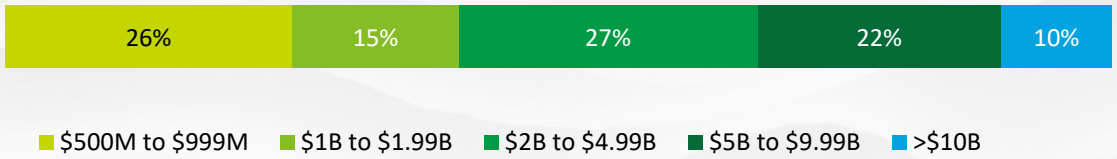



## Position(s) at your company responsible for climate goals




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

## Revenue (US$)




## Sectors

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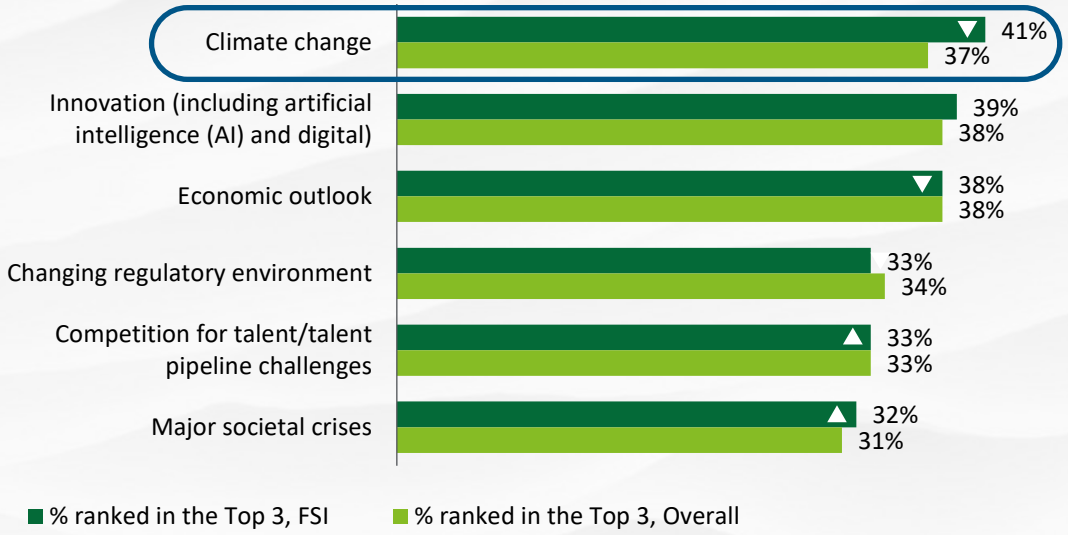
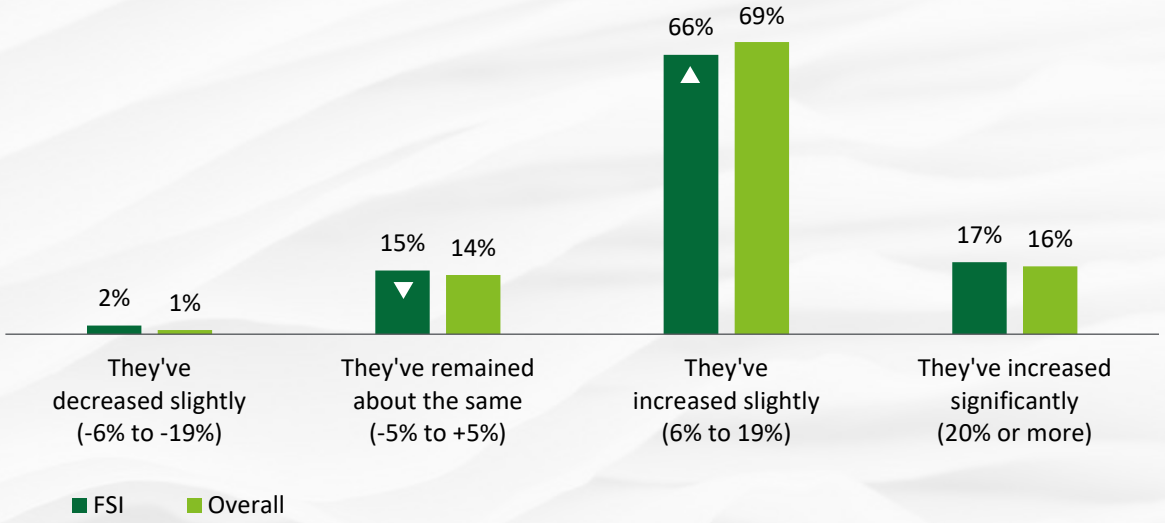
# Climate remains a top priority despite many pressing issues

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




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



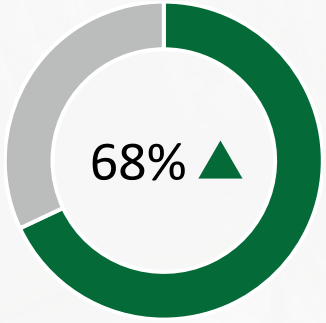

**Climate change is ranked as the most pressing issue for Financial Services organizations to focus on over the next year, despite a decrease in percentage compared to 2023. FSI organizations rated this as a higher priority than innovation, economic outlook, changing regulatory environments, competition for talent, and major societal crises.**

- FSI executives continue to prioritize sustainability investments at nearly the same level as the overall average, though, with many reporting a slightly increase in investments over the past year.

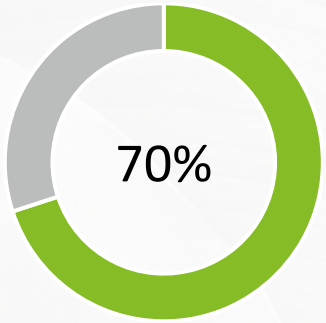
▲▼ Arrows indicate increases or decreases of 5% or more compared to 2023 where applicable

# 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**

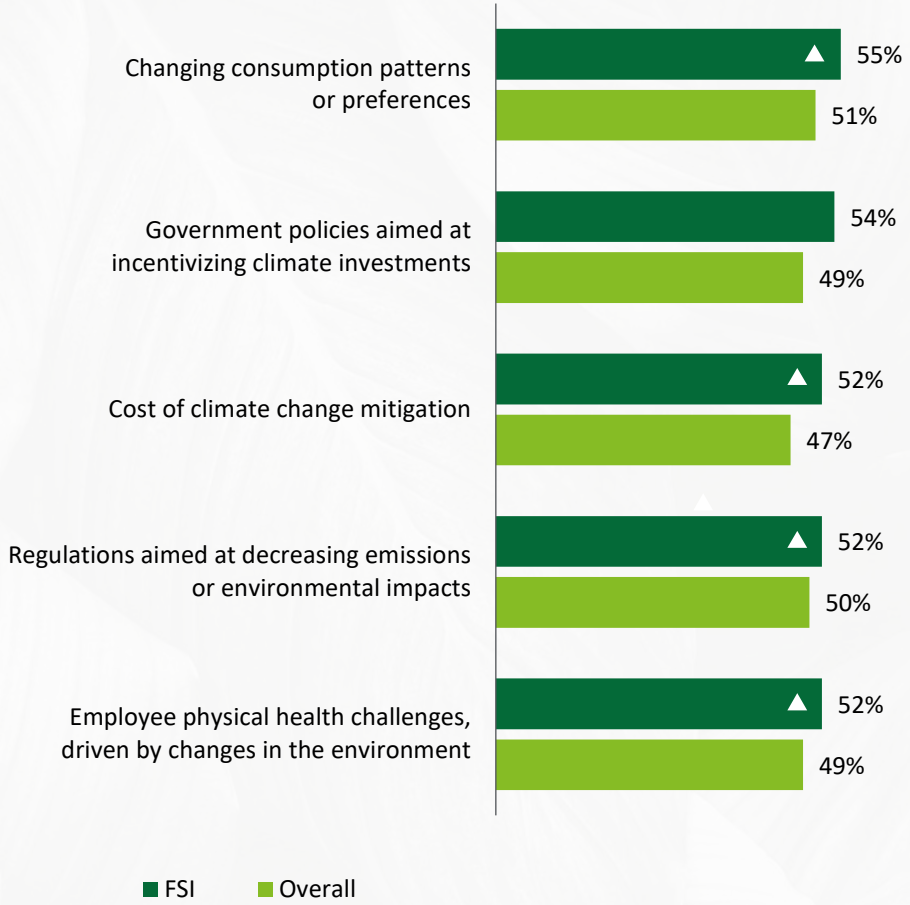



**FSI**




**Overall**

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




**68% of CxOs in the Financial Services industry expect that climate change will impact their companies' strategies and operations to a high/very high extent in the next three years. This is a slight increase compared to 2023.**

- The number of CxOs expecting and already experiencing climate impacts has grown since 2023, confirming the serious nature of this challenge.
- Changing consumption patterns and preferences are a top concern for FSI executives, with 55% already experiencing this impact. The cost of climate change mitigation, regulations aimed at decreasing emissions, and employee physical health challenges driven by changes in the environment have also grown as concerns over the last year.

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

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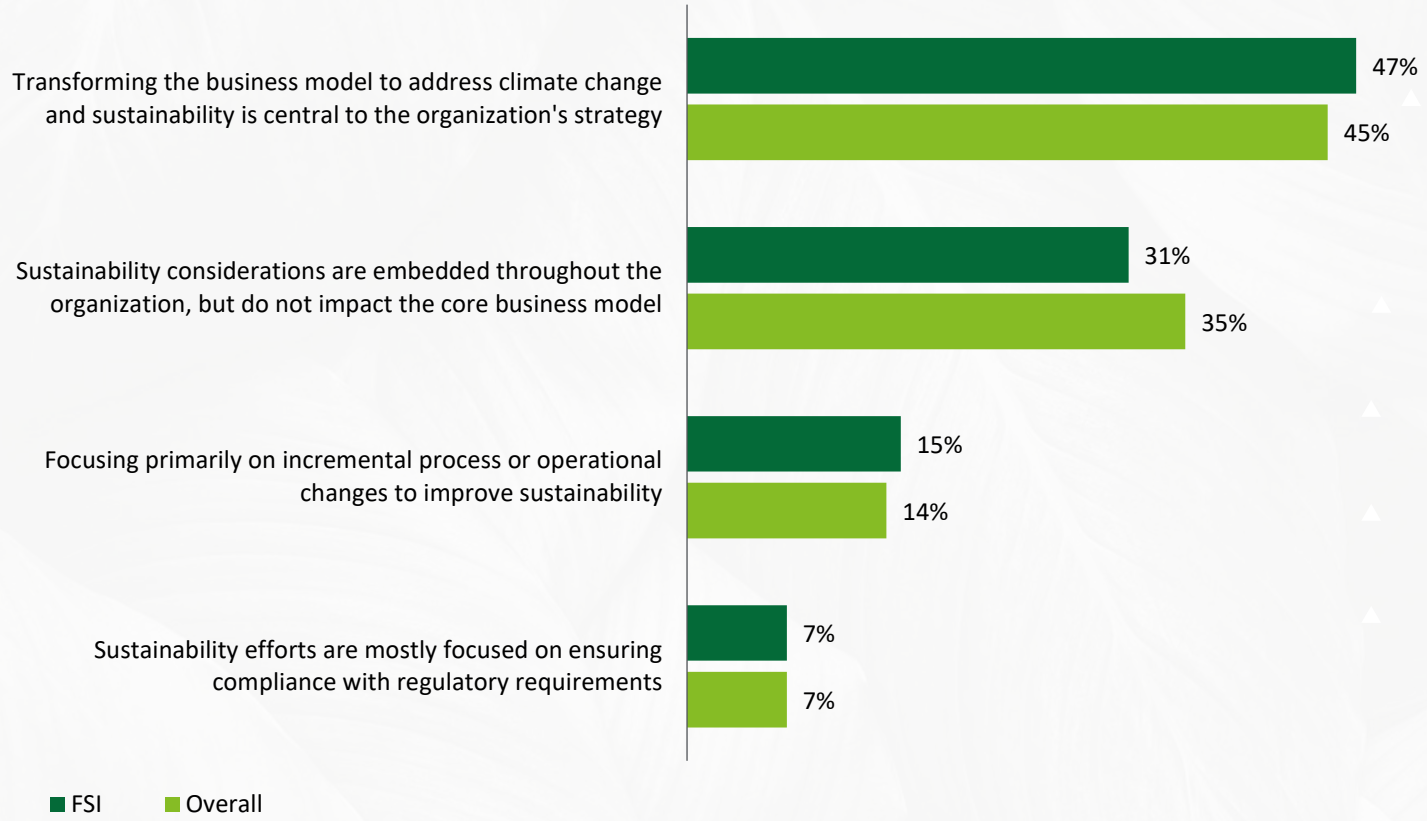
# Many organizations take comprehensive approaches to corporate sustainability

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




**Nearly half of the responding Financial Services organizations indicate that transforming their business model to address climate change and sustainability is an integral part of their strategy.**

- Another 31% of the organizations have embedded sustainability considerations throughout the organization but do not impact the core business model.
- Few organizations report focusing primarily on incremental process or operational changes (15%), and even fewer are focused solely on complying with regulatory requirements (7%).

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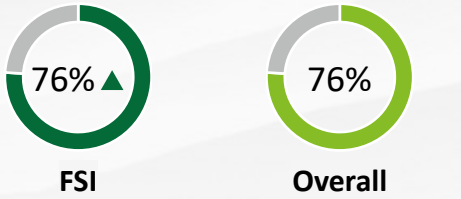
# CxOs feel the impacts of climate change, yet are optimistic about the potential for effective action

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




**Executives who are somewhat/extremely optimistic that 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**

**Executives who agree/strongly agree their company can continue to grow while reducing greenhouse gas emissions**

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

**FSI organizations share the same level of concern about climate change as the overall average, with 76% reporting feeling concerned about climate change all or most of the time. This is up considerably from last year and is likely driven by direct experiences with climate-related events, such as extreme heat, severe flooding and rising sea levels, and severe drought or water shortages.**

- Despite growing levels of concern, CxOs are also reporting higher levels of optimism compared to 2023 (91% vs. 79%), perhaps indicating strong levels of confidence in the potential benefits of climate action.

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

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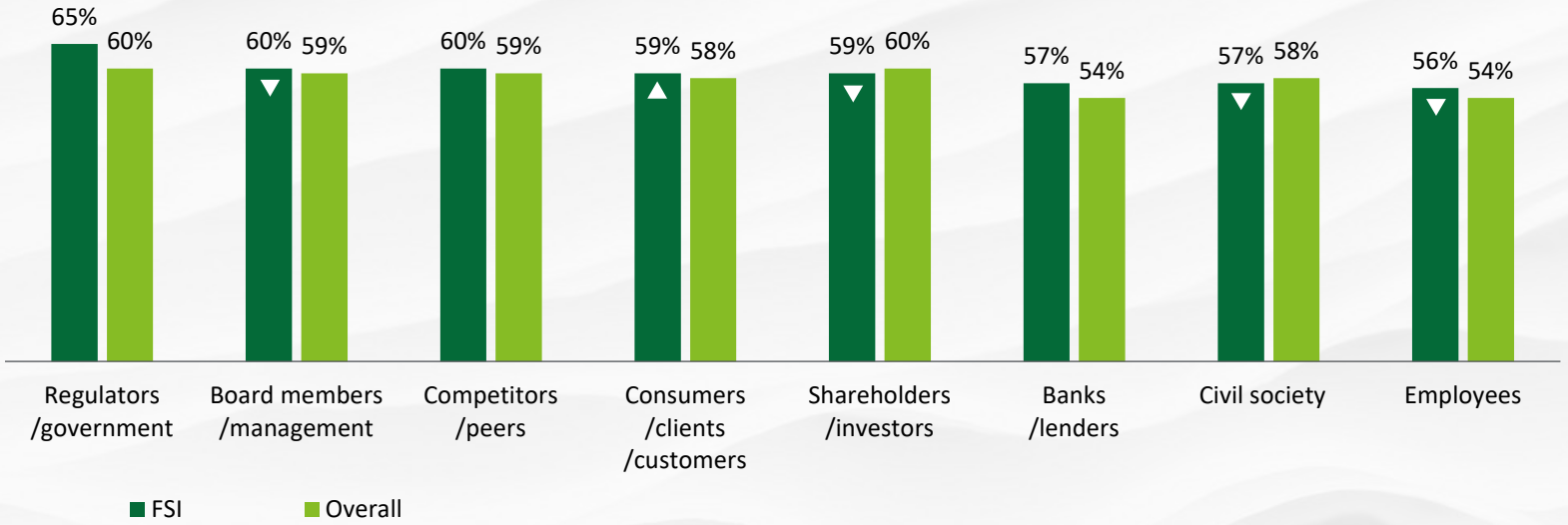
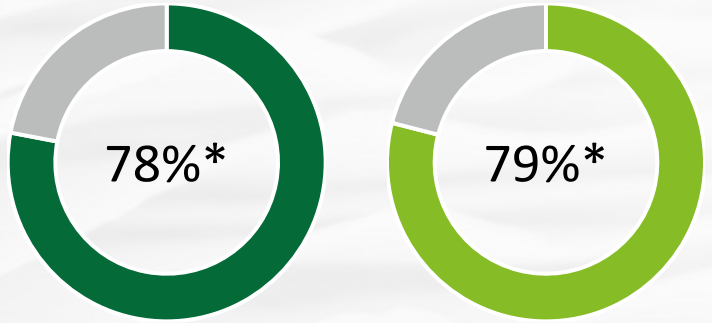
# Companies feel broad pressure from stakeholder groups

**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.

**Organizations in the Financial Services industry and other industries are reporting similar levels of pressure from various stakeholder groups, especially from board members, competitors and peers, consumers and clients, shareholders, and civil society.**

- Compared to the overall average, FSI organizations report slightly higher levels of pressure from regulators and governments.
- A significant amount of pressure from stakeholders to increase their climate initiatives is reported in the Financial Services industry (78%) as well as overall (79%), indicating a need for strong collective action across sectors.

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

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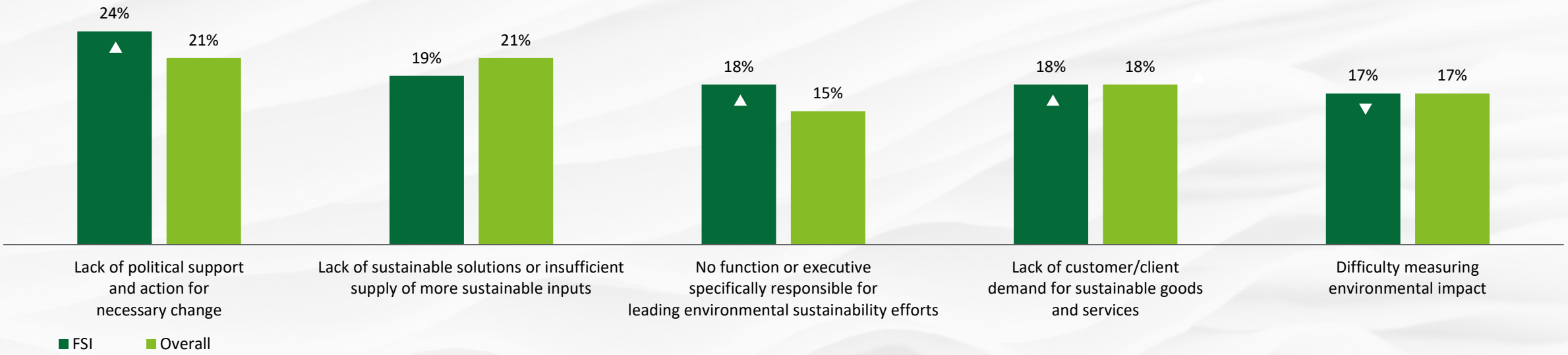
# A varied set of barriers adds further complexity to helping address climate action

**Top five obstacles to driving sustainability efforts**




**Financial Services organizations face a variety of obstacles to helping drive their sustainability efforts.**

- FSI organizations struggle slightly more than the overall average with some challenges, including a lack of a function or executive specifically responsible for leading environmental sustainability efforts.
- While several challenges have grown for FSI organizations over the past year, fewer organizations report difficulty measuring their environmental impact.

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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 Financial Services executives so far

**42%**
**Customer satisfaction and loyalty**
Overall = 38%

**40%**
**Addressing climate change**
Overall = 39%

**38% ▲**
**Supply chain efficiency and/or resilience**
Overall = 37%

**38% ▲**
**Operating margins**
Overall = 37%

**37% ▲**
**Revenue from existing businesses**
Overall = 34%

### Top five benefits expected by Financial Services in the next five years

**41%**
**Innovation around offerings and/or operations**
Overall = 38%

**39%**
**Ability to recruit and retain talent**
Overall = 36%

**38% ▼**
**Brand recognition and reputation**
Overall = 36%

**38%**
**Long-term organizational resilience**
Overall = 36%

**36%**
**Asset values**
Overall = 35%

**FSI executives are recognizing several benefits from their sustainability efforts, particularly in terms of customer satisfaction and loyalty and the ability to help address climate change.**

- Organizations in the FSI industry have also recognized growing levels of supply chain efficiency, higher operating margins, and higher revenue from existing businesses over the past year.
- Over the next five years, FSI executives expect to see innovation in their offerings/operations, strengthened ability to recruit and retain talent, brand recognition, long-term organizational resilience, and greater asset values due to their sustainability initiatives.

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

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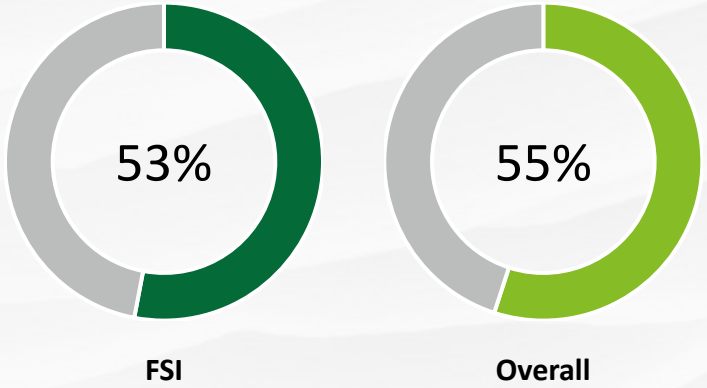
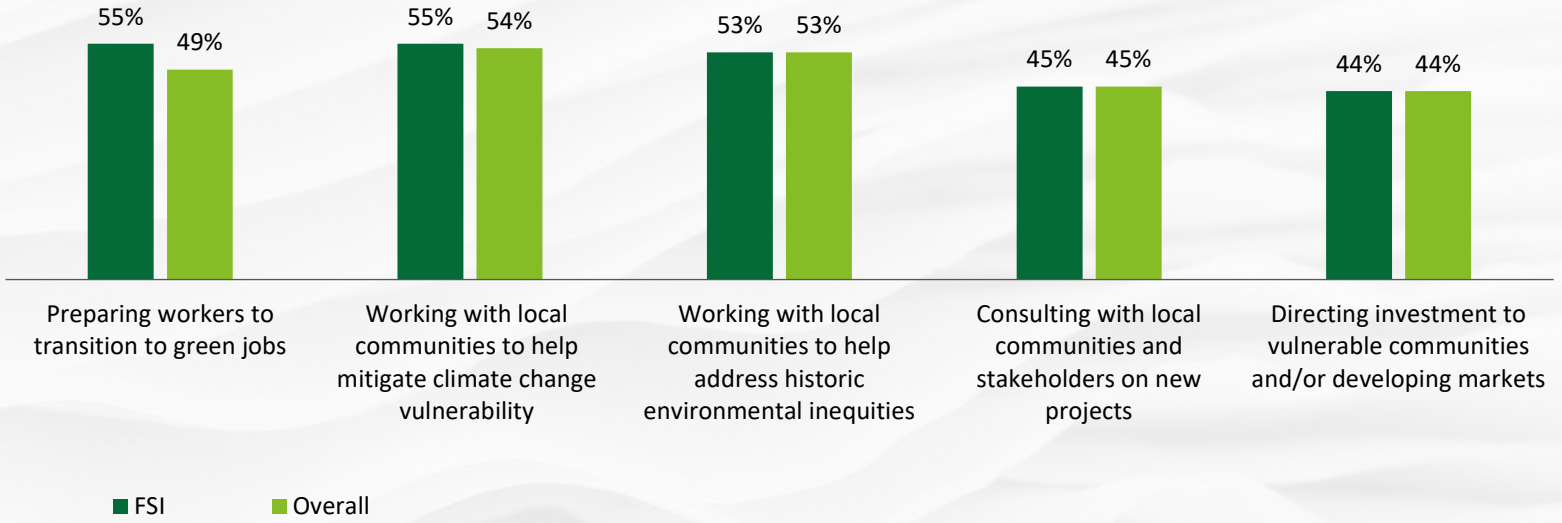
# The importance of climate equity and a just transition in sustainability efforts continues to grow

**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?**




**Ensuring a just transition is considered a top priority for over half of the organizations surveyed in the FSI industry and at the overall level, indicating that the majority of executives are aware of this important effort.**

- Organizations in the FSI industry are most focused on preparing workers to transition to green jobs and working with local communities to help mitigate climate change vulnerabilities.
- Over half of the companies are also working with local communities to help address historic environmental inequities.

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

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# Organizations are implementing 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 Financial Services executives

**52%▼**
Using more sustainable materials
Overall = 51%

**51%▲**
Providing employees with subsidies/ financial incentives to encourage sustainability-related purchases
Overall = 46%

**50%**
Including monitoring of climate risk in corporate governance processes
Overall = 48%

**49%▼**
Increasing energy efficiency
Overall = 49%

**49%**
Implementing technology solutions to help achieve climate or environmental goals
Overall = 50%

## Harder-to-implement, needle-moving actions*

**48%▲**
Lobbying for or making political donations in support of climate initiatives
Overall = 44%

**46%**
Requiring suppliers and business partners to meet specific sustainability criteria
Overall = 47%

**45%**
Developing new climate-friendly products or services
Overall = 48%

**44%**
Reconfiguring operations, infrastructure, and/or supply chain to be more climate-resilient
Overall = 46%

**41%▲**
Tying senior leaders' compensation to environmental sustainability performance
Overall = 43%

* As defined by Deloitte Global analysis

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**FSI organizations are most likely to be taking sustainability actions such as using more sustainable materials, providing employees with financial incentives for sustainability-related purchases, and monitoring climate risk in their corporate governance processes.**

- FSI organizations are slightly ahead of the overall average when it comes to providing employees with financial incentives for sustainability-related purchases and lobbying for or making political donations in support of climate initiatives.
- The number of FSI organizations taking part in harder-to-implement, needle-moving actions has grown somewhat since 2023, although there is still opportunity for growth in these actions.

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

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