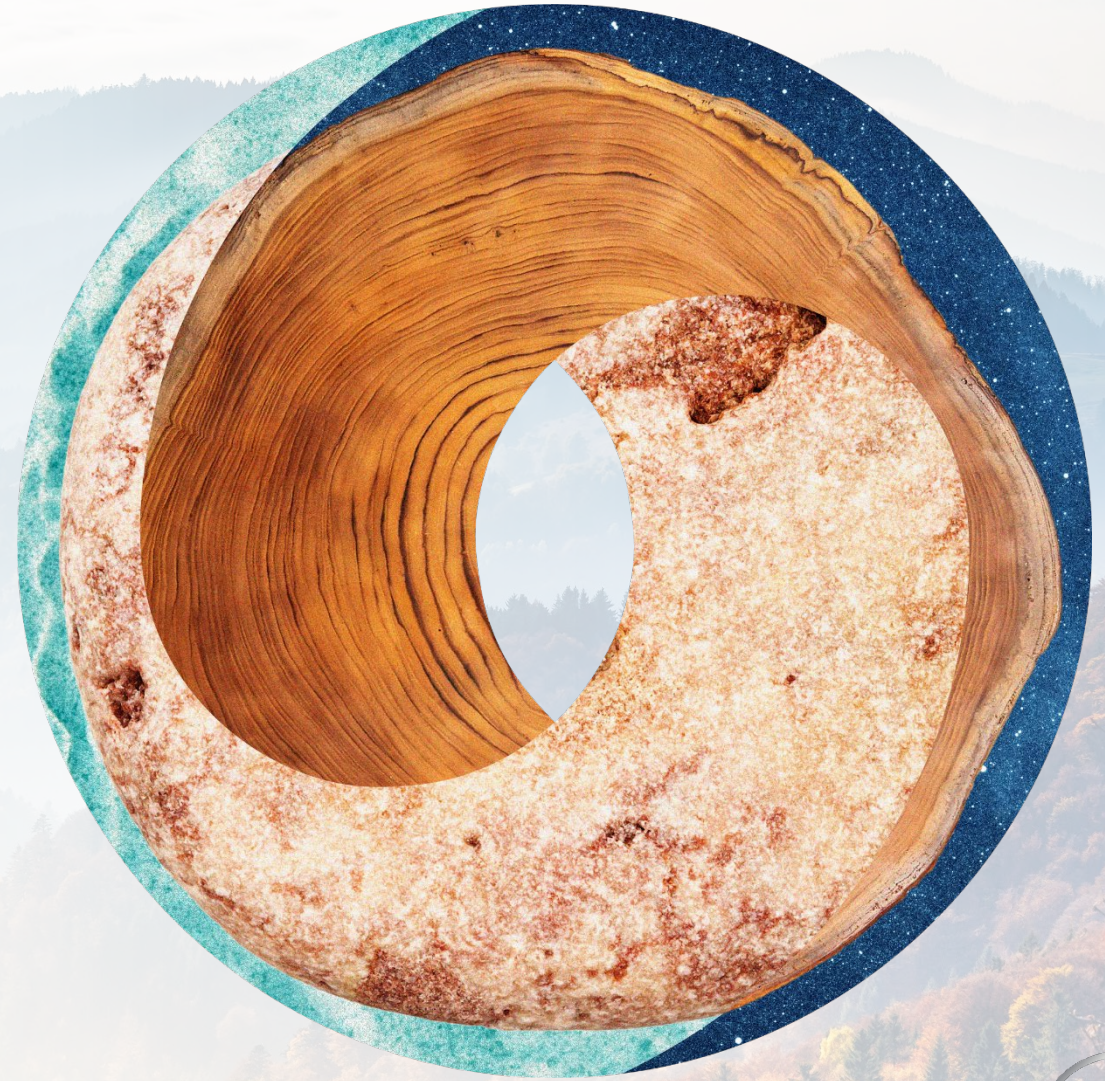




Deloitte 2024 CxO Sustainability Report

Energy, Resources &
Industrials Industry insights



November 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.

Contrary to some headlines, our survey indicates there is no retreat from sustainability action by businesses. Instead, there is a notable increase in investment in sustainability efforts, and early but important signs that climate action is driving value creation and 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 issues, 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 beginning 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 a shift toward seeing more 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 is an engine for innovation. While the need for innovation and technology investment might be seen as competing priorities to climate action, in reality, they are crucial drivers of sustainability efforts, enabling 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” isn’t 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 looming 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.

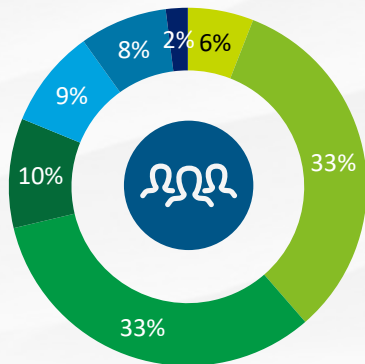
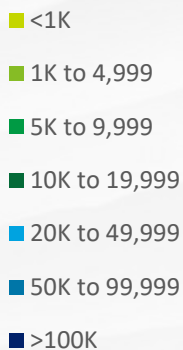
This report provides a view of the current climate action landscape among CxOs globally and explores the latent potential of that middle cohort: what actions they’re already taking, what barriers they face, and what lessons they can learn from leading companies that are modeling what a holistic approach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



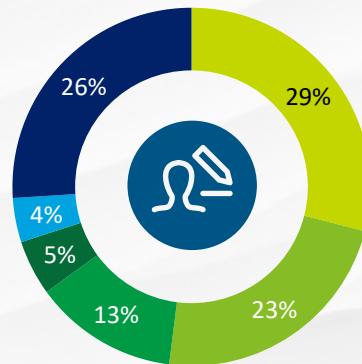
Energy, Resources & Industrials business profile

454 executives in the Energy, Resources & Industrials industry were surveyed

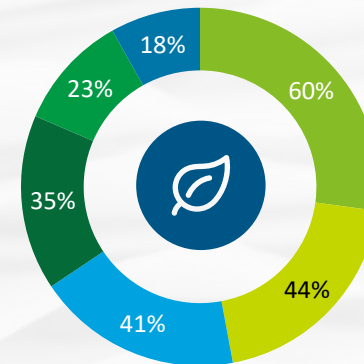
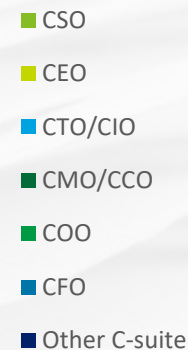
Number of employees



Job title



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



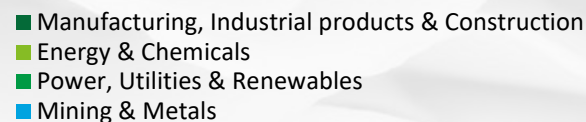
*Some respondents indicated multiple roles within the company have responsibility, resulting in the total percentage across roles exceeding 100%.



Revenue (US\$)



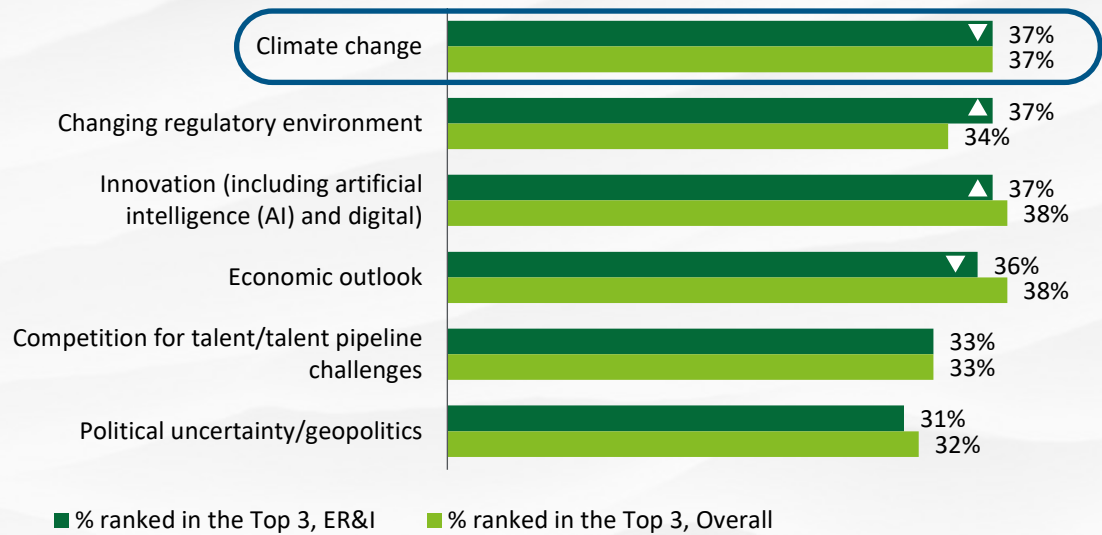
Sectors



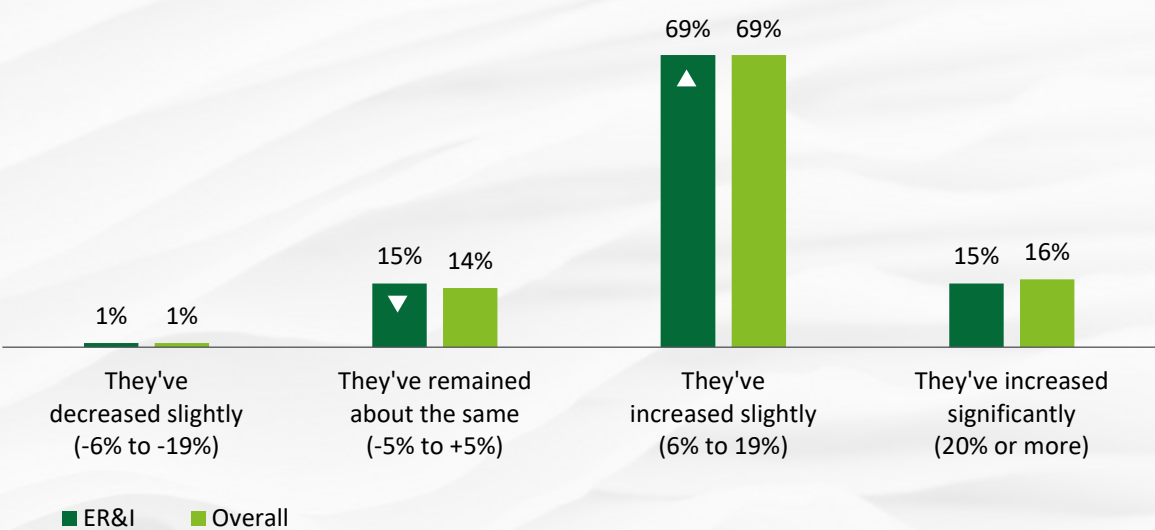
Climate remains a top priority despite many pressing issues



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?



The Energy, Resources & Industrials (ER&I) industry continues to prioritize climate change as a top concern, aligning closely with global perspectives.

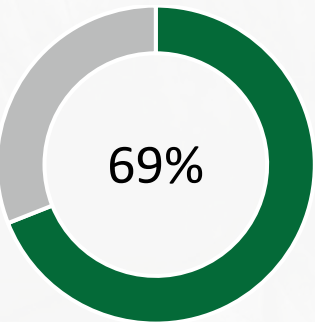
- Other key concerns for ER&I organizations include the changing regulatory environment and the rise of AI and digital innovation.
- In terms of sustainability investments, a majority of organizations in the ER&I sector reported a slight increase in their investments over the past year. However, there is also a small portion of ER&I organizations whose investment levels have remained the same or decreased slightly, highlighting a diverse approach to sustainability investments within the industry.

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

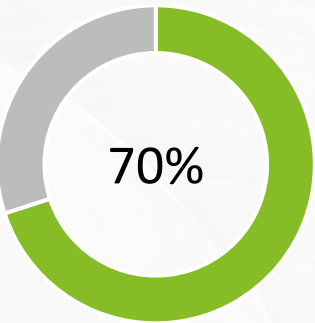
Climate change’s impact on strategies and operations is growing



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



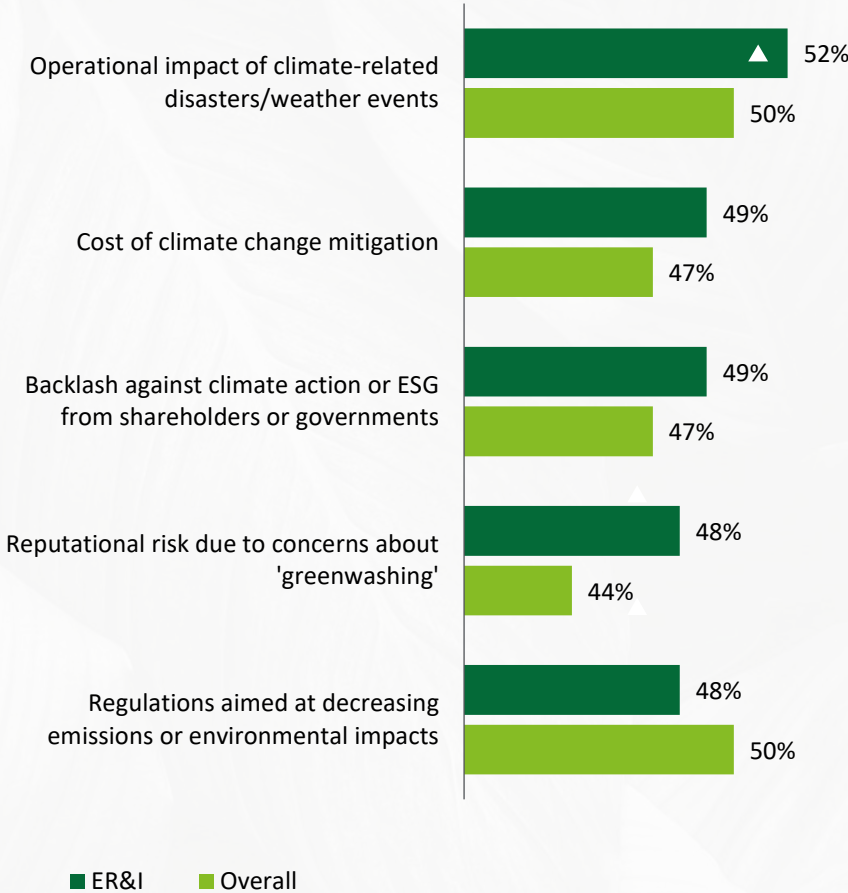
ER&I



Overall



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



In the ER&I industry, the anticipation of climate change significantly impacting strategies and operations over the next three years is nearly on par with the overall average, though slightly lower.

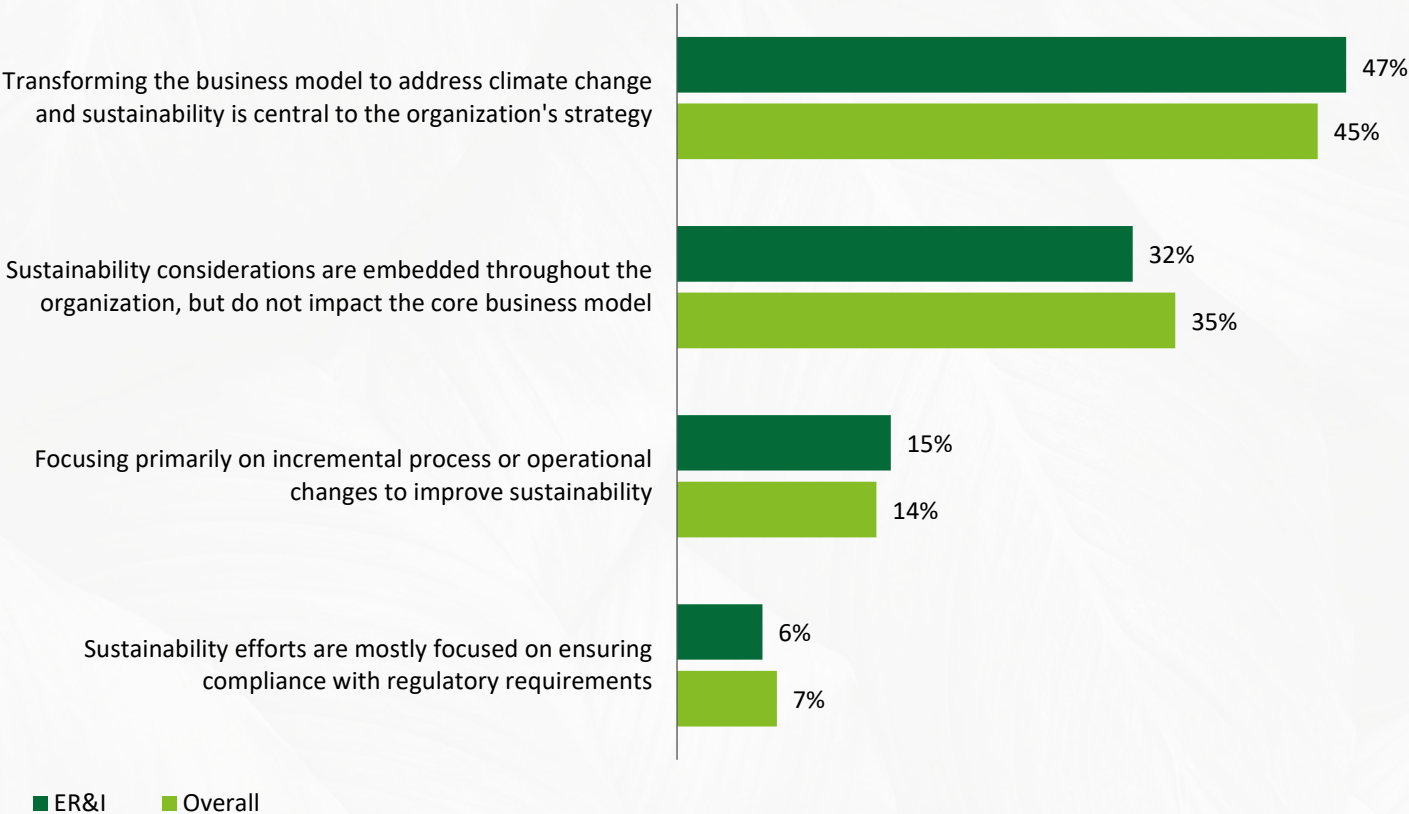
- Key climate challenges affecting companies in this industry include the operational impacts of climate-related disasters, which have seen an increase year-over-year, indicating a growing concern in this area.
- Additionally, costs associated with climate change mitigation and backlash against climate action or Environmental, Social, and Governance (ESG) initiatives from shareholders or governments are prominent concerns, reflecting some of the complex challenges companies face in balancing climate action with financial and reputational risks.

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Many organizations take comprehensive approaches to corporate sustainability



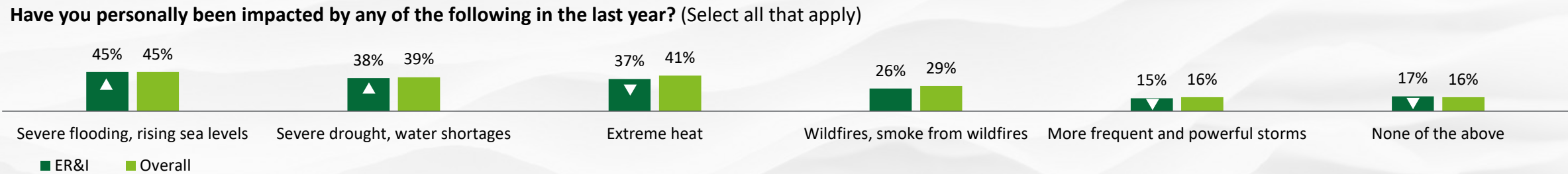
Which of the following statements best describes your company's current approach to environmental sustainability and climate change challenges? (Select one)



A significant portion of organizations in the ER&I industry are focusing on transforming their business models to address climate change and integrate sustainability into their core strategies, slightly ahead of the overall average.

- Additionally, many organizations are embedding sustainability considerations throughout their operations, although some are focusing on incremental changes rather than transformative shifts.
- The focus on compliance with regulatory requirements is slightly lower in the ER&I industry compared to overall figures.

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



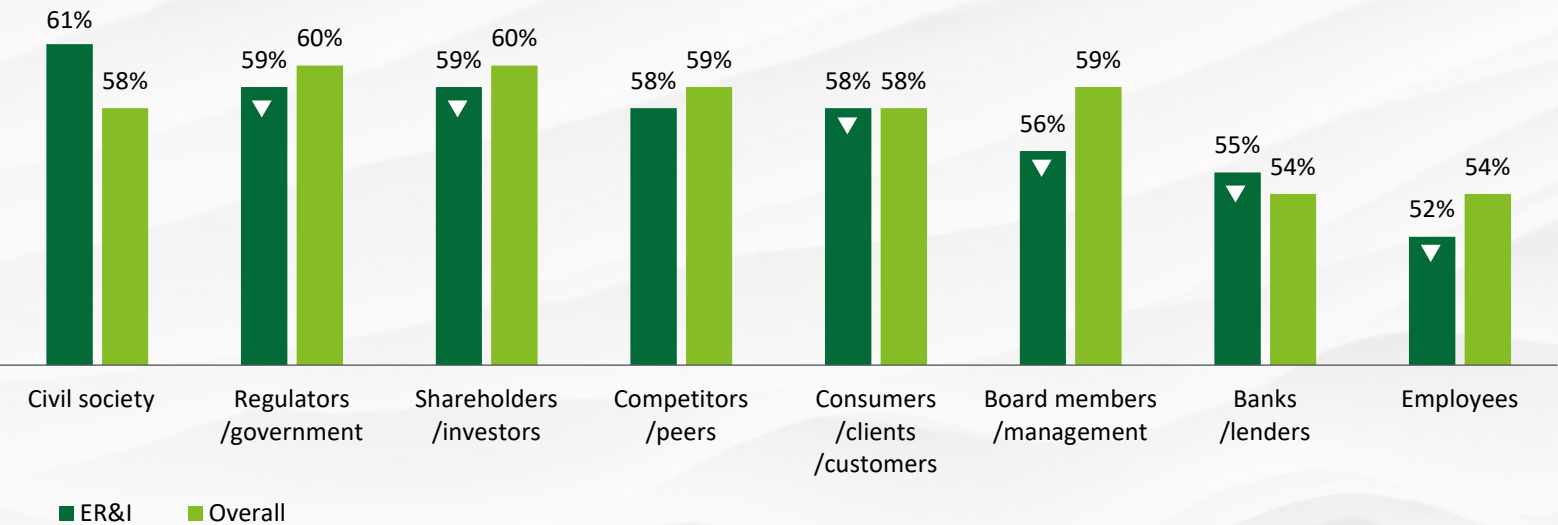
ER&I executives express strong concern about climate change, with a similar level of concern as seen overall. Optimism remains high that the world will take the necessary steps to help mitigate some of the worst impacts of climate change.

- Additionally, many ER&I leaders believe that global economic growth can be achieved alongside climate goals.
- ER&I executives report a notable personal impact from severe climate events over the past year, particularly from severe flooding, which aligns with global experiences. They also report being affected by severe droughts and water shortages at a rate slightly lower than the overall average.

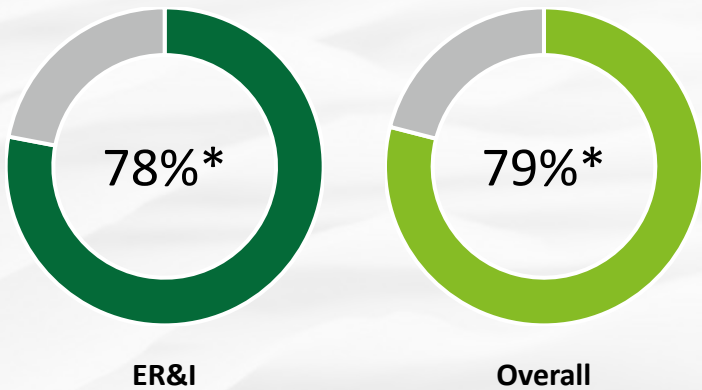
Companies feel broad pressure from stakeholder groups



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.

ER&I companies are feeling pressure to act on climate change from various stakeholder groups. The most pressure comes from civil society, where ER&I executives report higher levels of pressure compared to the overall average.

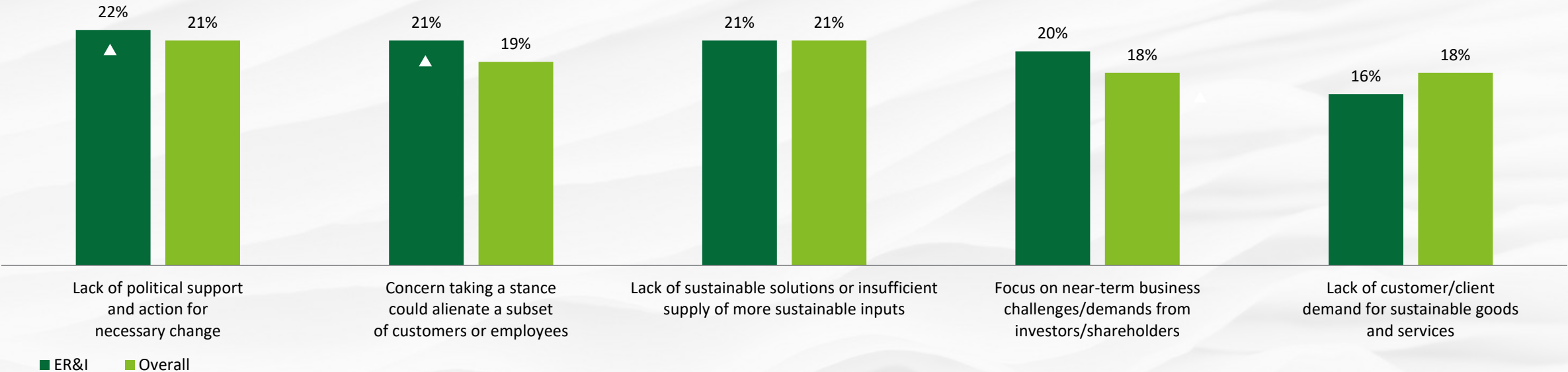
- Regulators, shareholders, and competitors are also notable sources of pressure, aligning closely with global trends.
- When considering all these stakeholders, the average percentage of organizations feeling pressure to increase climate action is almost on par with the overall average, with ER&I executives reporting just slightly less pressure.

▲ ▼ 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



The ER&I industry faces several key challenges in advancing sustainability. A significant barrier is the lack of political support, which is felt about the same in this sector compared to overall trends.

- There's also a concern that taking a strong stance on sustainability could alienate certain customers or employees, a worry slightly more pronounced in this industry.
- Short-term business pressures further complicate sustainability efforts, as companies juggle immediate demands from investors with long-term climate goals.

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

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



Greatest benefits of sustainability efforts

Top five benefits for ER&I executives so far



Top five benefits expected by ER&I executives in the next five years



In the ER&I industry, the benefits of climate action have broadened significantly. Currently, innovation around offerings and operations stands as the top benefit realized from sustainability efforts, slightly outpacing the overall average.

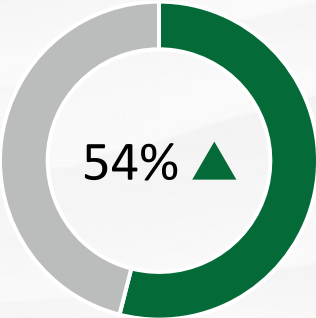
- Addressing climate change, customer satisfaction, and loyalty, along with improving operating margins and supply chain efficiency, are also recognized as key gains.
- Looking ahead, the focus is expected to shift slightly. Customer satisfaction and loyalty are anticipated to remain crucial. Revenue from both new and existing businesses are expected to play a larger role, alongside long-term organizational resilience and maintaining strong operating margins.

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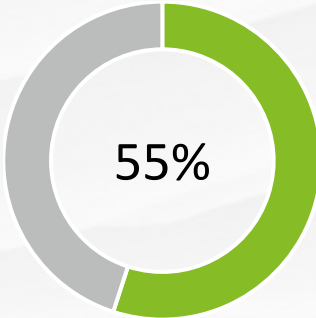
The importance of climate equity and a just transition in sustainability efforts continues to grow



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



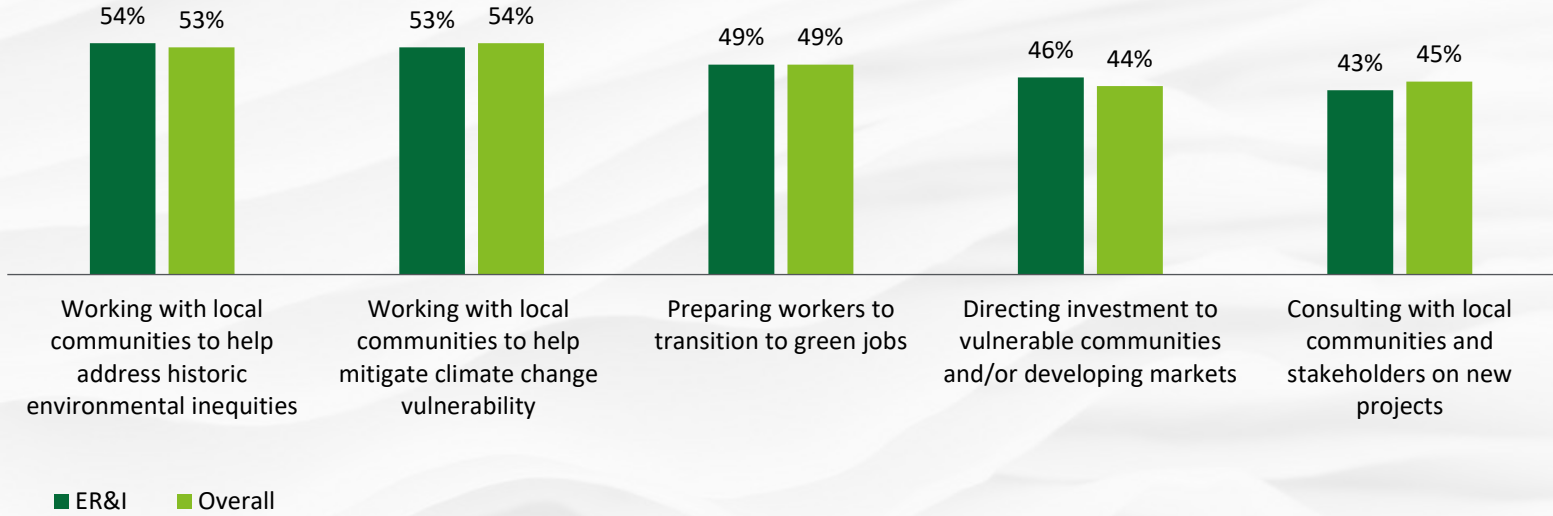
ER&I



Overall



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



In the ER&I industry, there is a growing emphasis on climate equity and ensuring a just transition in sustainability efforts, with slightly more executives highlighting its importance compared to the previous year.

- Companies are increasingly working with local communities to help address historical environmental inequities and mitigate climate change vulnerability. Preparing workers for the transition to green jobs and directing investments to vulnerable communities are also key areas of focus.

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

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 ER&I executives



Harder-to-implement, needle-moving actions*



* As defined by Deloitte Global analysis

ER&I companies are implementing a variety of sustainability actions to help meet environmental goals. A significant focus is on increasing energy efficiency and purchasing renewable energy, with both actions being among the top initiatives.

- Additionally, companies are making strides in harder-to-implement, needle-moving actions such as requiring suppliers to meet sustainability criteria, developing new climate-friendly products, and reconfiguring operations to be more climate-resilient. There is also a notable increase in actions like lobbying for climate initiatives and tying senior leaders' compensation to sustainability performance, reflecting a stronger integration of sustainability into business strategies.

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

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