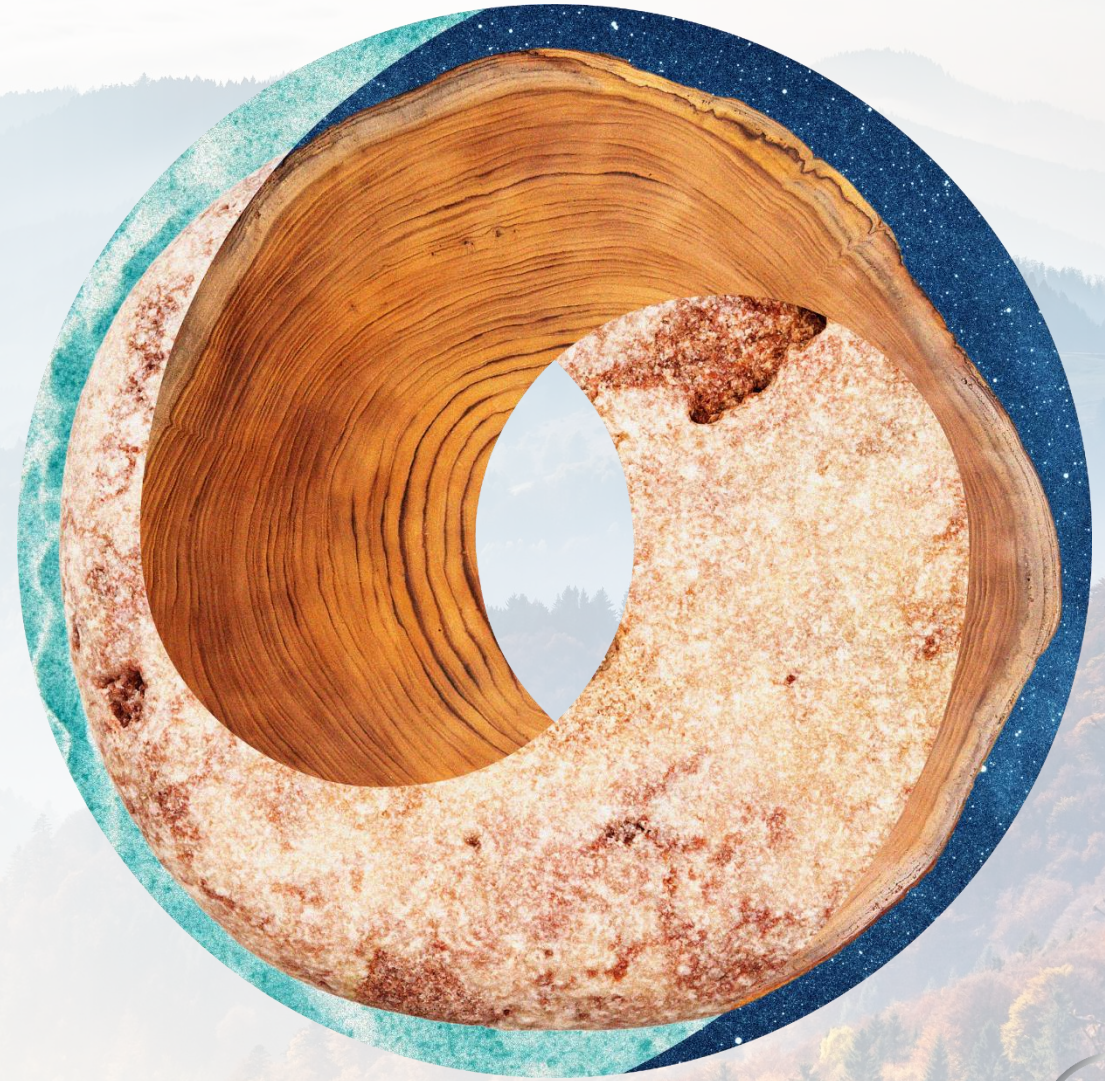




Deloitte 2024 CxO Sustainability Report

Australia insights



September 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 organisation'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 organisations, 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 organisations, 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 organisations 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 organisations (56%) are focusing on two to three needle-moving actions. Many of these organisations 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.

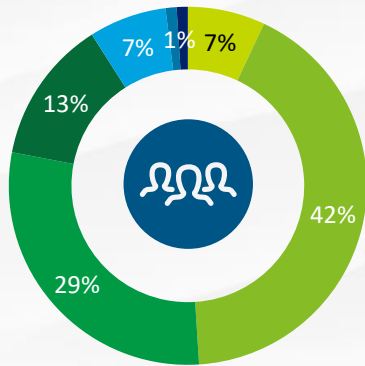
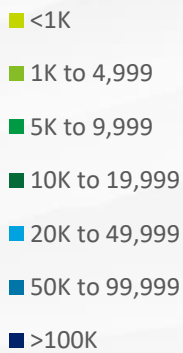
This report provides a view of the current climate action landscape among CxOs globally and explores the latent potential of that middle cohort: what actions they’re already taking, what barriers they face, and what lessons they can learn from leading companies that are modeling what a holistic approach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



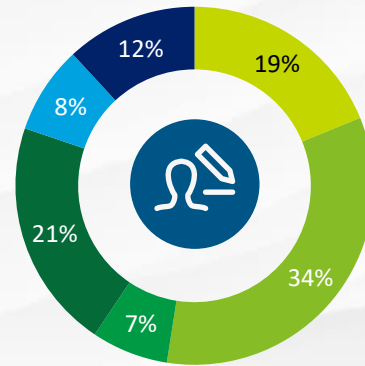
Australia country business profile

102 executives in Australia were surveyed

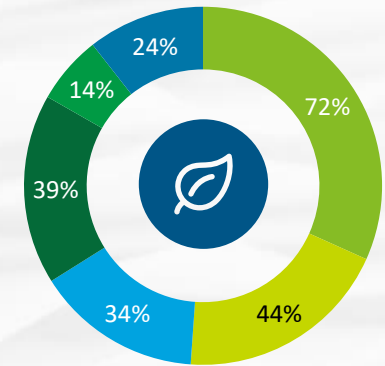
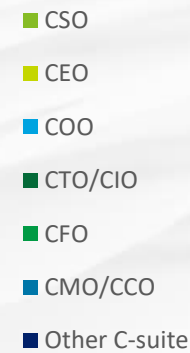
Number of employees



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\$)



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



Industry

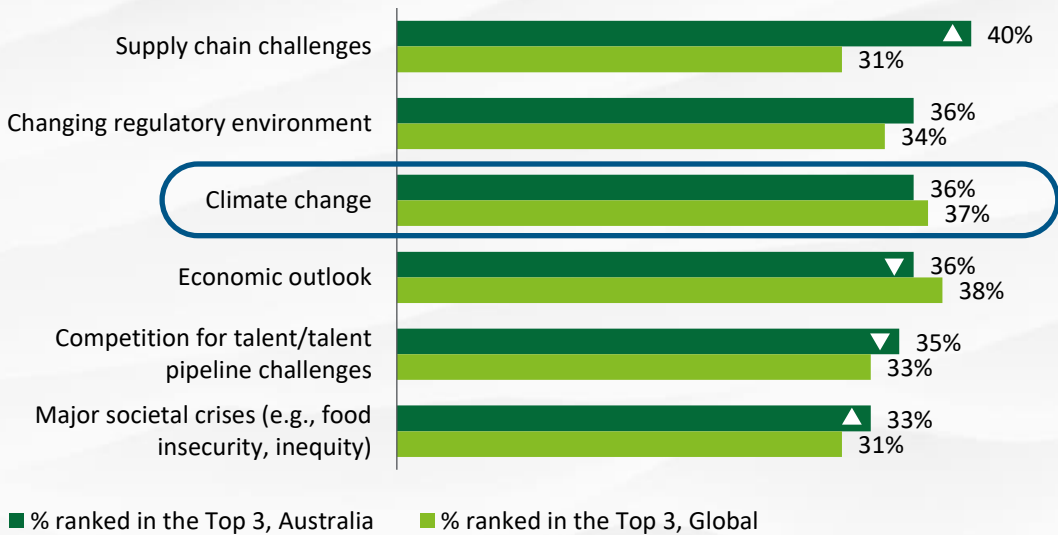


Consumer
Financial Services
Technology, Media & Telecom
Energy, Resources & Industrials
Life Sciences & Health Care

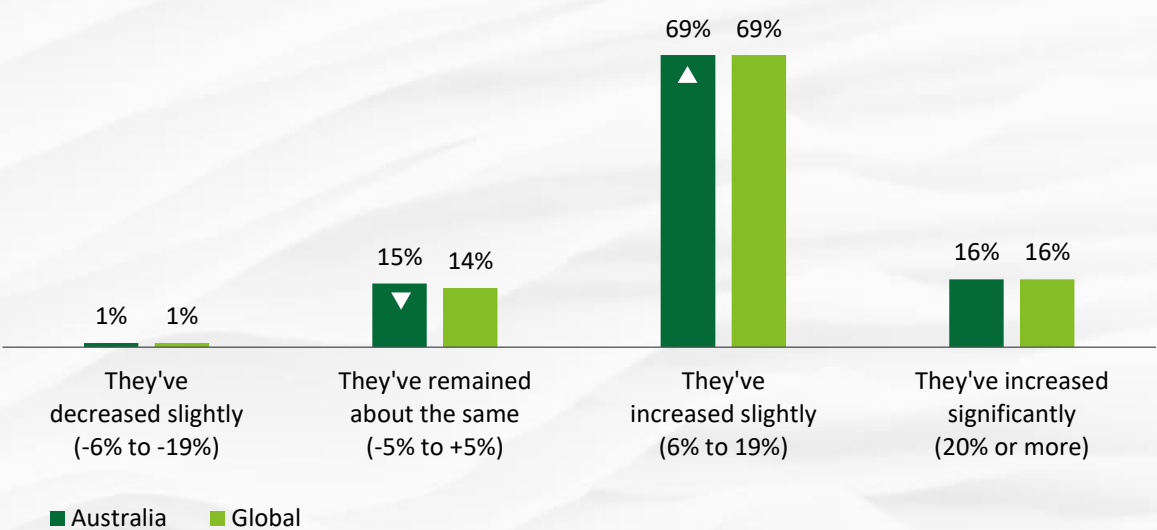
Climate remains a top priority despite many pressing issues



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?



Climate remains a top priority for CxOs in Australia despite various pressing issues.

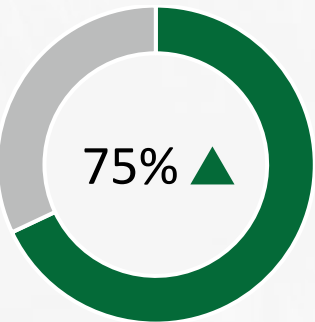
- Australian organisations place a higher emphasis on supply chain challenges compared to their global counterparts, with 40% ranking it as a top concern versus 31% globally. The changing regulatory environment is also a significant issue, highlighted by 36% of Australian respondents.
- In terms of sustainability investments, 69% of Australian companies reported a slight increase, matching the global trend and showing an upward trend from 2023.
- Furthermore, 16% of Australian organisations have significantly increased their investments in sustainability, consistent with the global data.
- Notably, 15% of Australian firms reported their sustainability investments remained about the same, indicating a downward trend from 2023.

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

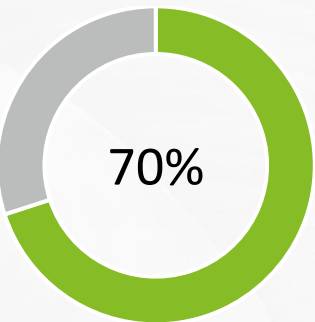
Climate change's impact on strategies and operations is growing



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



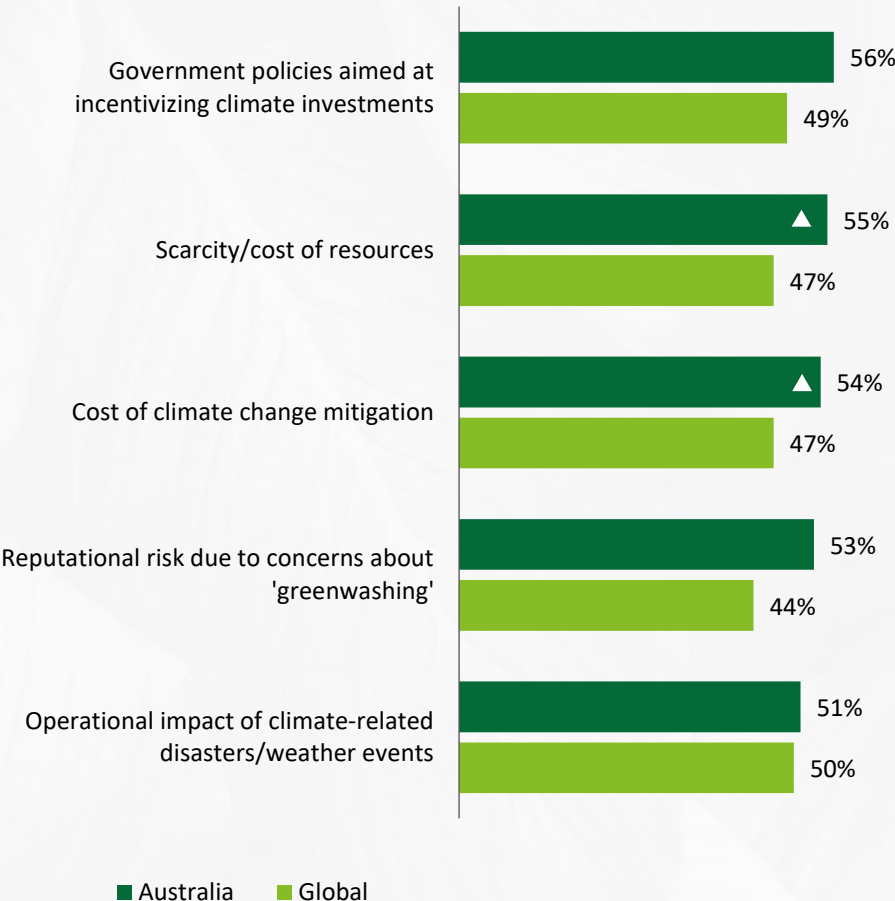
Australia



Global



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



75% of Australian CxOs expect that climate change will impact their companies' strategies and operations to a high/very high extent in the next three years. This is an increase from 2023.

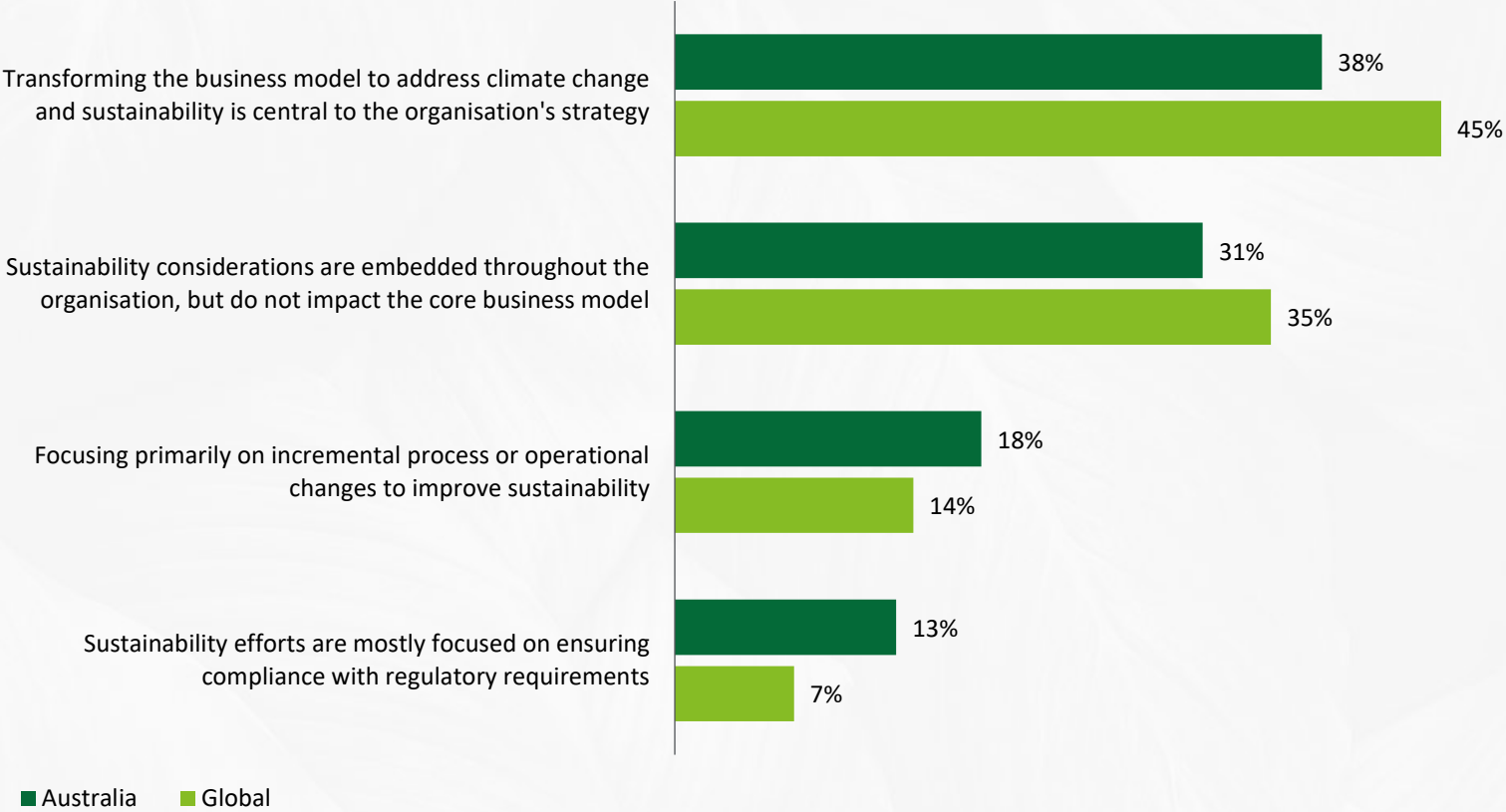
- Government policies aimed at incentivizing climate investments are the top issue already impacting Australian companies, with 56% compared to 49% globally.
- Scarcity/cost of resources is a significant concern for Australian businesses, with 55% noting its impact, an increase from 2023 and higher than the 47% global figure.

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Many organisations take comprehensive approaches to corporate sustainability



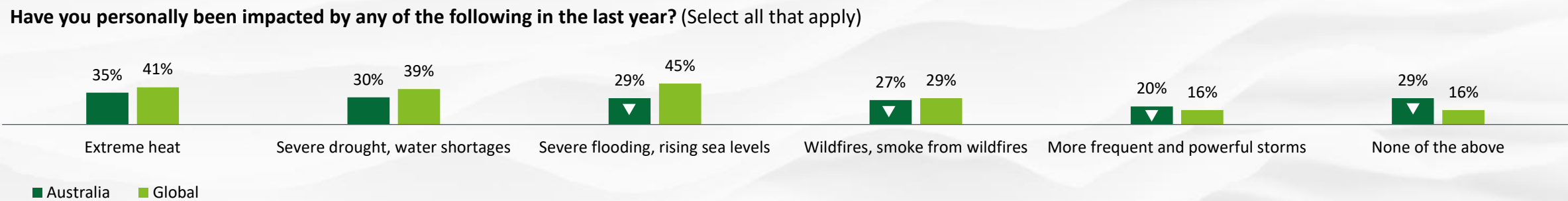
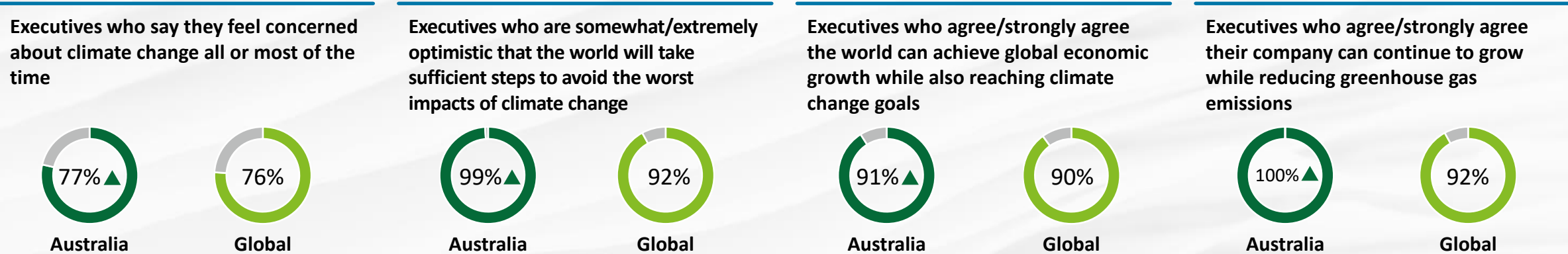
Which of the following statements best describes your company’s current approach to environmental sustainability and climate change challenges? (Select one)



In Australia, 38% of organisations report that transforming the business model to address climate change and sustainability is central to their strategy, compared to 45% globally. Furthermore, 31% of Australian organisations have embedded sustainability considerations throughout the organisation but do not impact the core business model, slightly less than the global figure of 35%.

- 13% of Australia organisations indicated they were focusing their sustainability efforts on ensuring compliance with regulatory requirements. This is a higher number compared to their global counter parts.

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



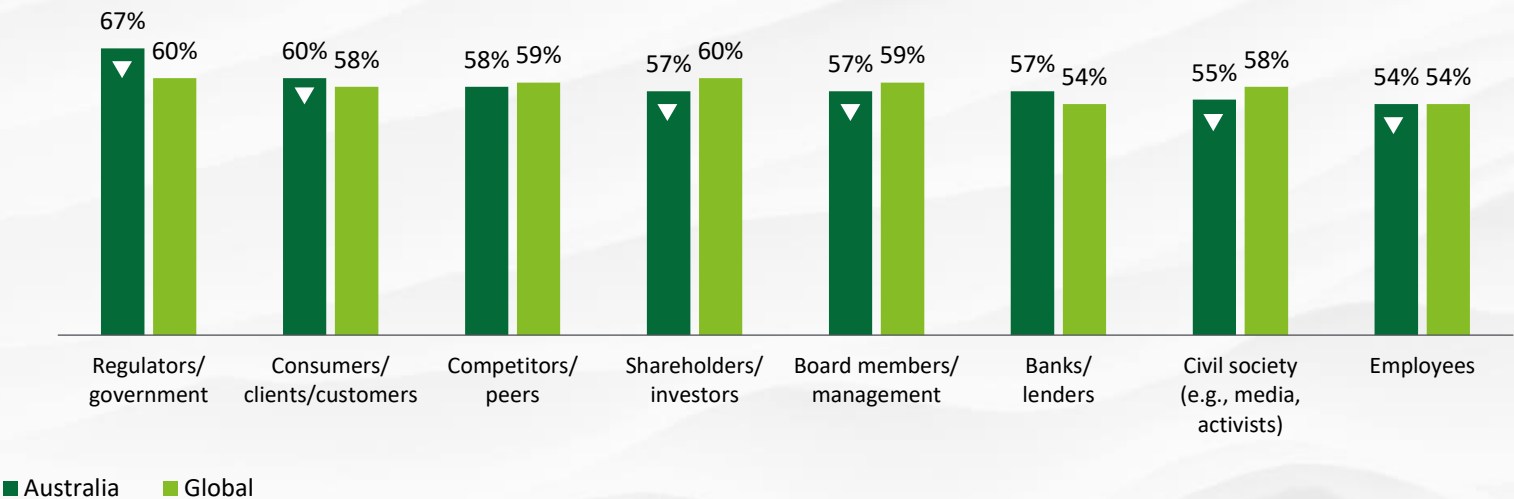
77% of Australian CxOs report feeling concerned about climate change all or most of the time. This heightened concern is likely driven by direct experiences with climate-related events, such as extreme heat, severe drought and rising sea levels.

- Despite this worry, Australian CxOs exhibit remarkable optimism, with 99% believing the world will take sufficient steps to avoid the worst impacts of climate change, considerably higher than the global figure of 92%.
- Furthermore, 100% of Australian executives believe their companies can continue to grow while reducing greenhouse gas emissions, compared to 92% globally. This suggests a strong confidence in the potential for effective climate action and economic resilience.

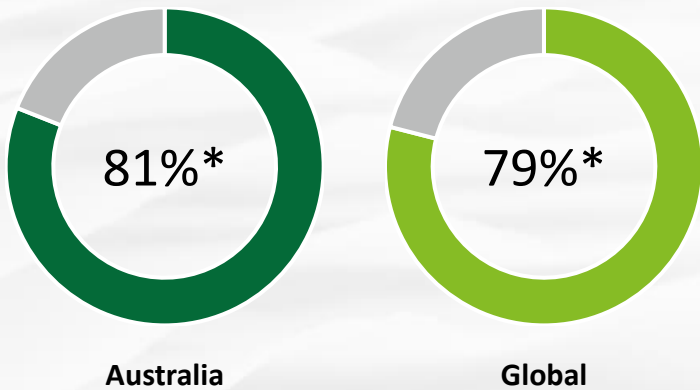
Companies feel broad pressure from stakeholder groups



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



Average percentage of organisations feeling pressure across stakeholder groups to increase climate action



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

Executives in Australia report significant feeling pressure from various stakeholder groups, with the highest pressures being felt from regulators/government and consumers/clients/customers.

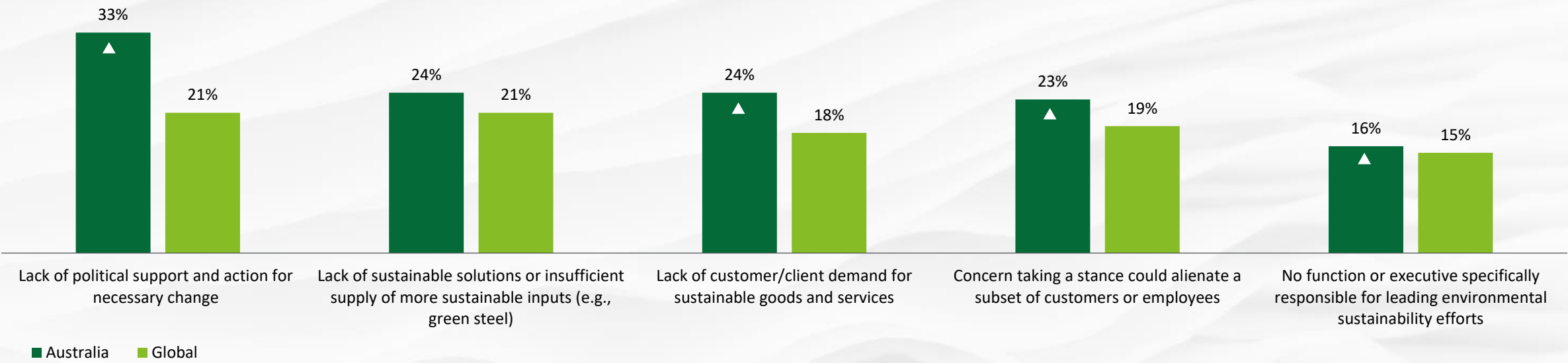
- Compared to 2023, the pressure felt from competitors/peers, banks/lenders have remained steady.
- 81% of Australian organisations feel pressure from across the group of stakeholders to increase climate action, which is slightly higher than the global average.

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

A varied set of barriers adds further complexity to addressing climate action



Top five obstacles cited to driving sustainability efforts



Australian companies face several challenges in their sustainability efforts, including lack of political support and action, lack of sustainable solutions, lack of client demand, and concerns about alienating customers.

- Lack of political support and action for necessary change is a significant obstacle for Australian companies (33%), which is markedly higher compared to the global average (21%).
- Additionally, Australian companies face notable difficulties due to insufficient customer demand for sustainable goods and services, which further complicates their sustainability initiatives.
- Concerns about potentially alienating a subset of customers or employees by taking strong stances on sustainability are also more prevalent among Australian companies.

▲ ▼ 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 so far

47% ▲

Long-term
organisational
resilience

Global = 36%

45% ▲

Revenue from new
businesses (e.g.,
new offerings)

Global = 35%

41% ▲

Asset values (e.g.,
intellectual
property and
operating assets)

Global = 35%

40% ▼

Innovation around
offerings and/or
operations

Global = 36%

40%

Supply chain
efficiency and/or
resilience

Global = 37%

Top five benefits expected in the next five years

49% ▲

Customer
satisfaction and
loyalty

Global = 36%

42%

Cost savings/lower
cost of capital

Global = 36%

38%

Operating margins

Global = 36%

38% ▲

Asset values (e.g.,
intellectual
property and
operating assets)

Global = 35%

38%

Supply chain
efficiency and/or
resilience

Global = 36%

While addressing climate change remains a significant benefit for organisations globally, Australian companies are witnessing notable advantages in areas such as long-term organisational resilience and revenue from new business opportunities.

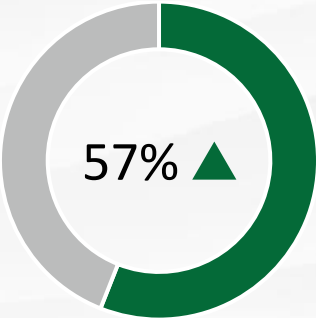
- Additionally, they are experiencing benefits in asset values, innovation, and supply chain efficiency.
- Over the next five years, Australian businesses expect customer satisfaction and loyalty, cost savings, and operating margins to further enhance their sustainability efforts. This broad range of benefits indicates a comprehensive and strategic approach to sustainability among Australian companies.

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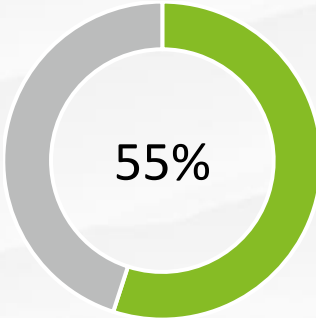
The importance of climate equity and a just transition in sustainability efforts continues to grow



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



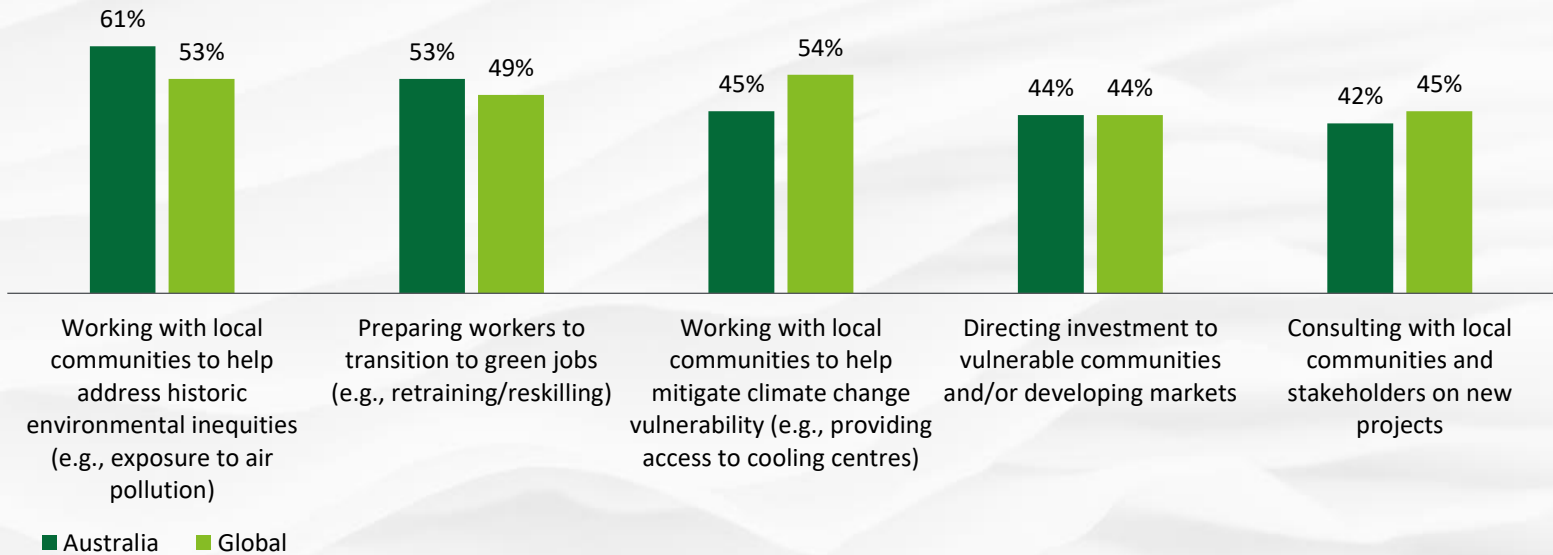
Australia



Global



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



Ensuring a just transition is considered highly important by the majority of Australian organisations, with over half rating it as extremely important, reflecting an increase in concern from the previous year.

- Australia is ranked 11th among countries in terms of rating a just transition as extremely important.
- Australian companies are notably more proactive in addressing historical environmental inequities through local community engagement compared to the global average.
- Efforts to prepare workers for green jobs and to mitigate climate change vulnerabilities also feature prominently in their sustainability strategies, indicating a comprehensive approach to climate equity and community involvement.

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

Organisations are implementing a range of sustainability actions to 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

61% ▲

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

59% ▲

Increasing hiring of sustainability roles at multiple levels
Global = 45%

58%

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

57%

Using more sustainable materials
Global = 51%

57% ▲

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

Harder-to-implement, needle-moving actions*

61% ▲

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

57% ▲

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

52%

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

49% ▲

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

48% ▲

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

Australian and global organisations are taking a variety of actions as part of their sustainability efforts, emphasizing lobbying for political support, increasing the hiring of sustainability roles, and implementing technology solutions.

- Australian companies are significantly ahead in lobbying for political support and increasing the hiring of sustainability roles compared to global counterparts. Both Australian and global organisations are highly engaged in implementing technology solutions and using more sustainable materials.
- While the global focus includes a balanced approach towards various sustainability actions, Australian organisations show a particular emphasis on political engagement and leadership accountability in their sustainability strategies.

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

* As defined by Deloitte Global analysis

Contacts



Jennifer Steinmann
Deloitte Global Sustainability
Business leader
jsteinmann@deloitte.com



Dr Pradeep Philip
Lead Partner
Deloitte Access Economics
pphilip@deloitte.com.au



Joanne Gorton
Deloitte Australia Managing Partner
Audit and Assurance
jogorton@deloitte.com.au



Andrea Culligan
AU Climate & Sustainability
Client Agenda Leader
aculligan@deloitte.com.au



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