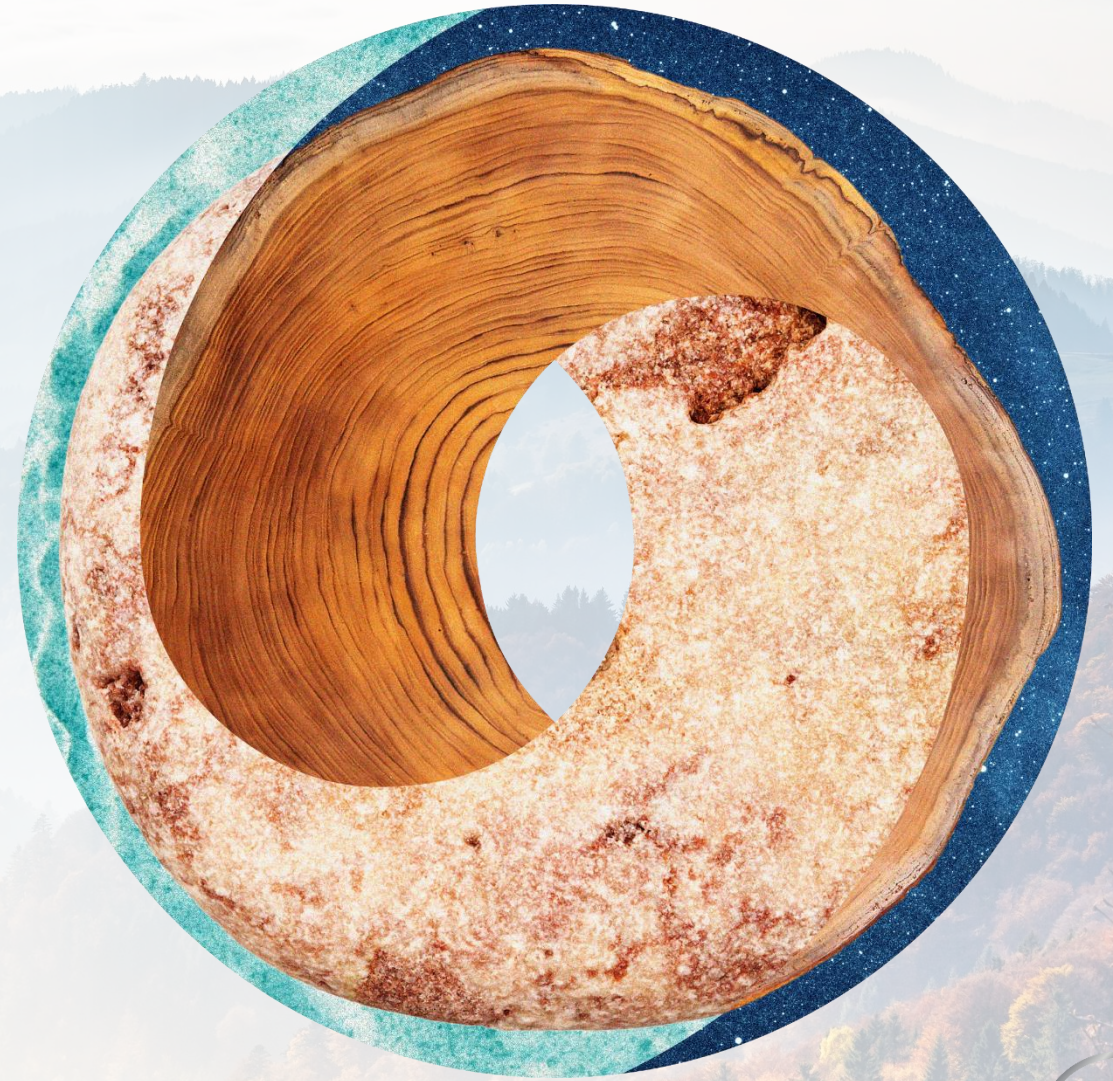


Deloitte.

**Deloitte 2024 CxO
Sustainability Report**

China 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 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.

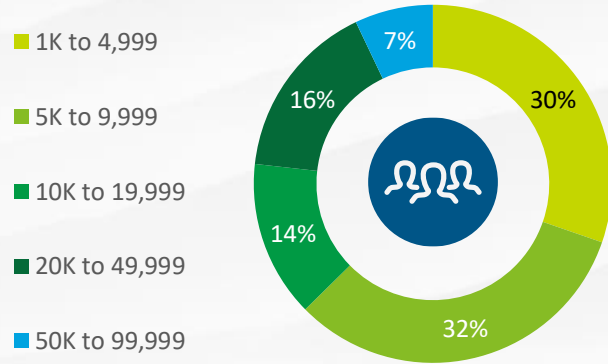
This report provides a view of the current climate action landscape among CxOs globally and explores the latent potential of that middle cohort: what actions they’re already taking, what barriers they face, and what lessons they can learn from leading companies that are modeling what a holistic approach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



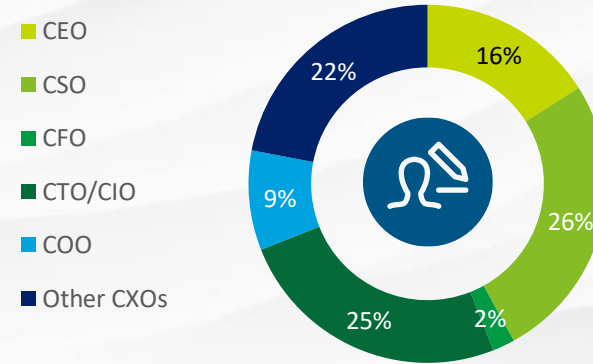
China country business profile

125 executives in China were surveyed

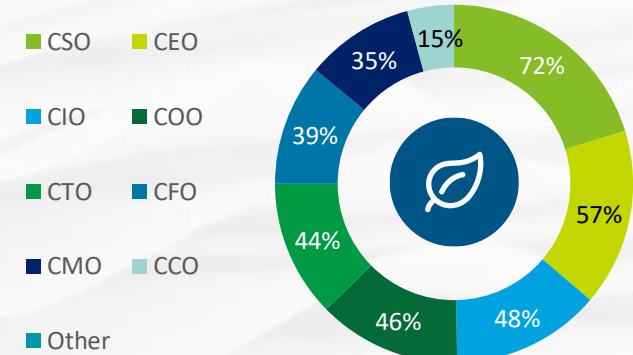
Number of employees



Job title



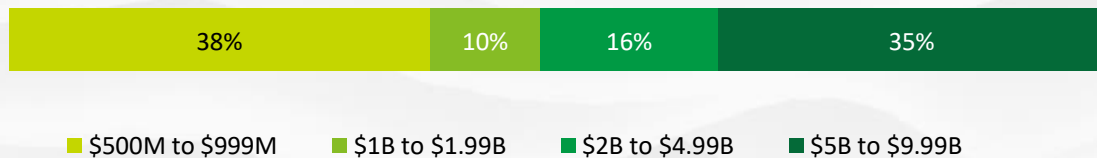
Position(s)* at your company responsible for climate goals



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



Revenue (US\$)



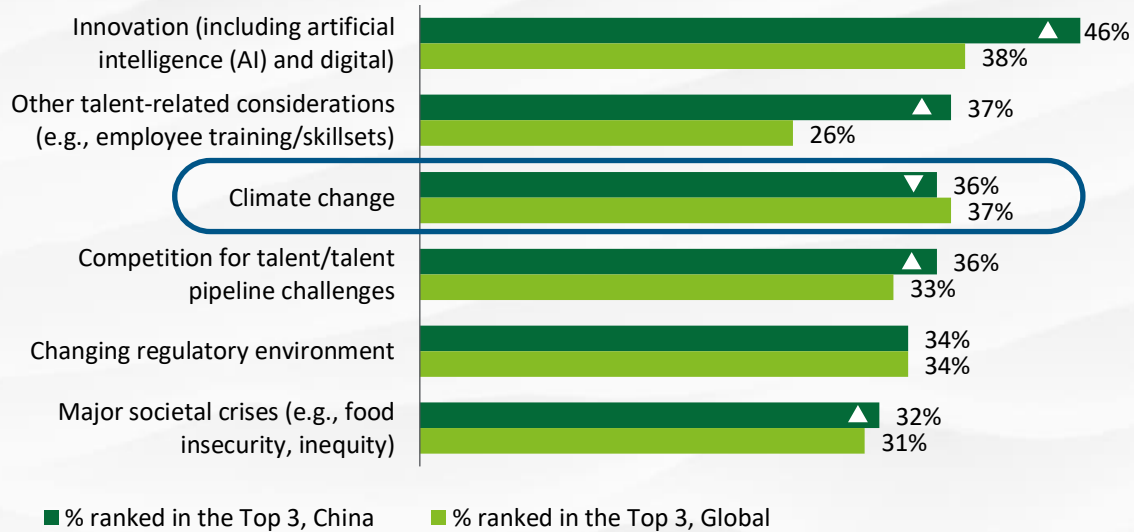
Industry



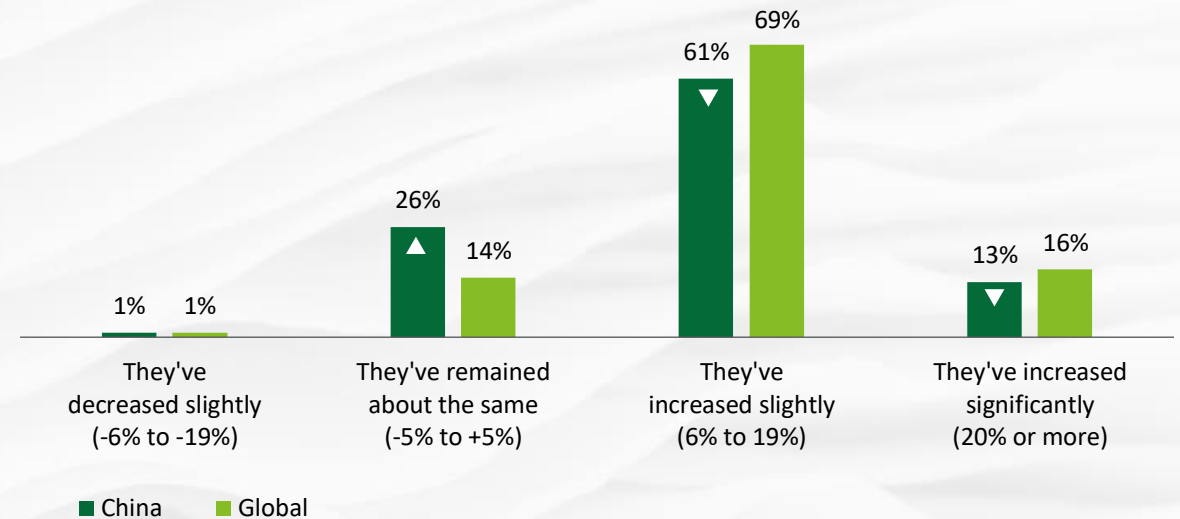
Climate remains a top priority despite many pressing issues



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



How have your sustainability investments changed over the last year?



Climate change has decreased slightly as a top priority for CxOs in China over the past year. Chinese organizations rated this as being equally important as competition for talent, and a slightly higher priority than changing regulations and major societal crises.

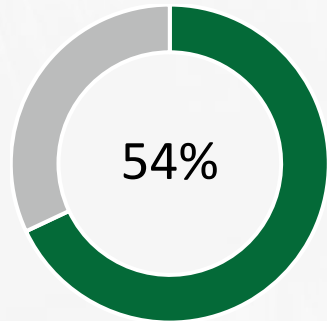
- Climate change follows only innovation and other talent-related considerations as a top priority, though, demonstrating the continued significance of this issue for businesses.
- Despite other pressing priorities, CxOs in China still largely report increasing their sustainability investments over the past year, reflecting a dedication to long-term environmental goals.

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

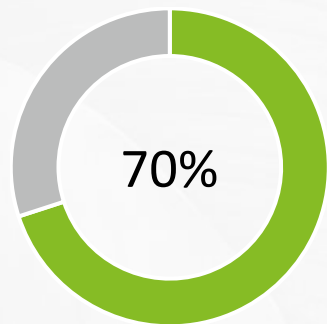
Climate change's impact on strategies and operations is growing



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



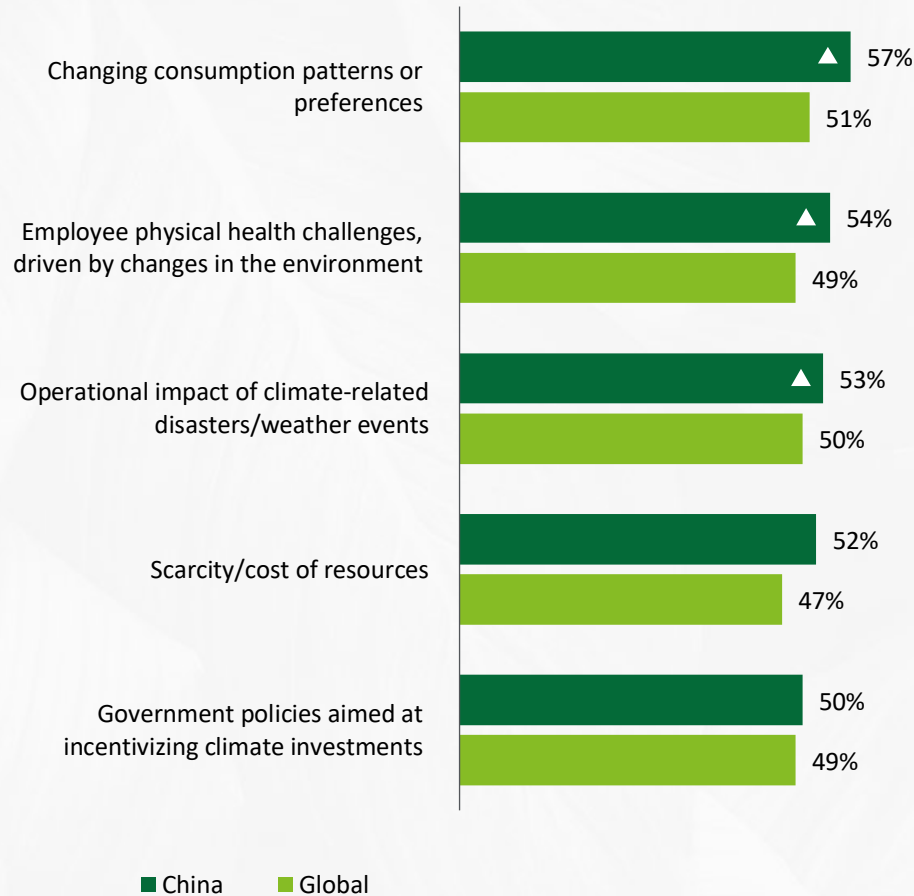
China



Global



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



■ China ■ Global

54% of CxOs in China 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 noticeable difference compared to 70% at the global level.

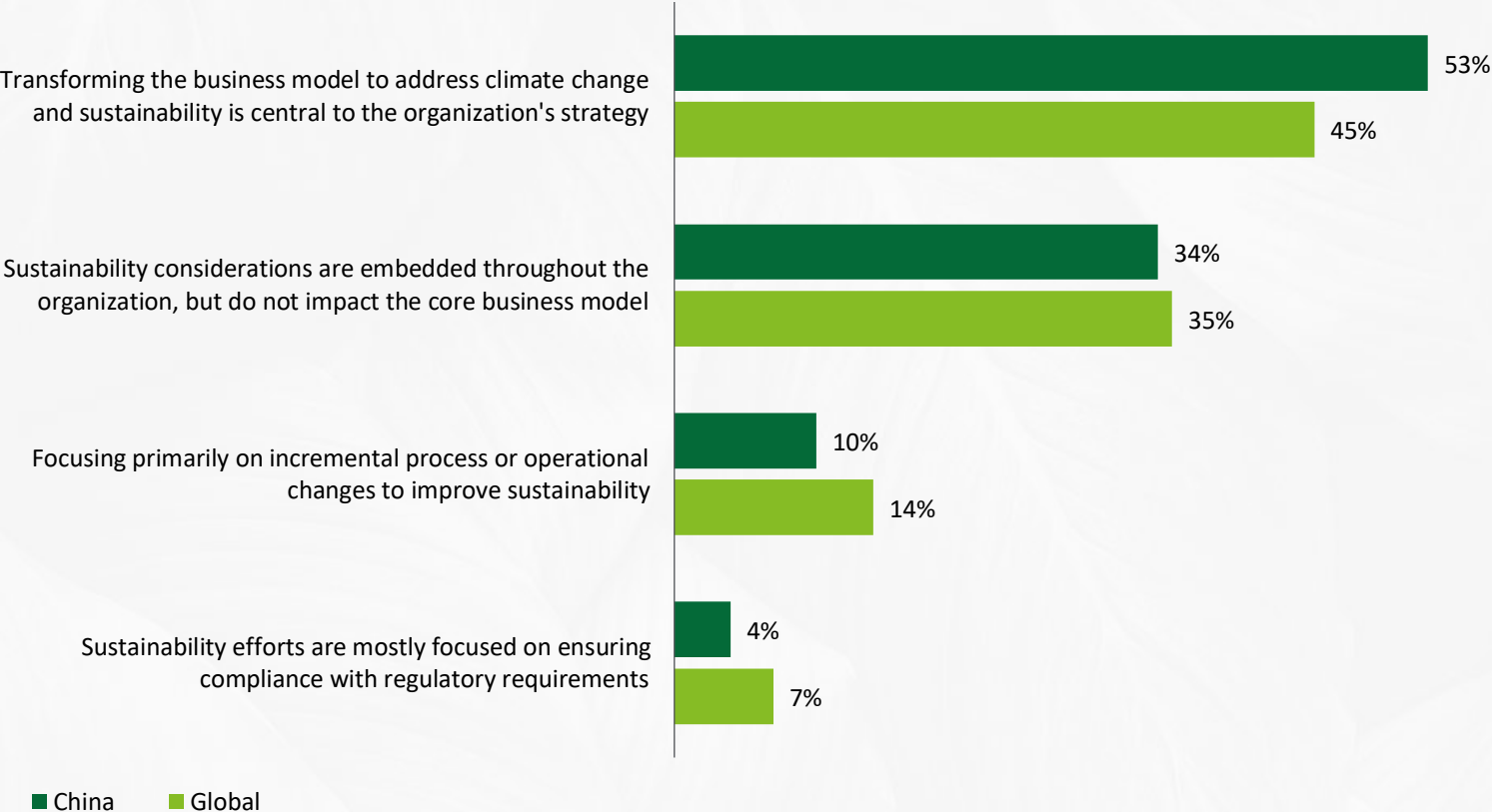
- However, the number of CxOs expecting and already experiencing climate impacts has grown since 2023, confirming the serious nature of this challenge.
- Changing consumption patterns and preferences are a top concern for Chinese executives, with 57% already experiencing this impact. Employee health challenges, operational impacts, scarcity/cost of resources, and government policies are also top concerns.

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

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)



More than half of the organizations in China indicate that they see transforming their business model to address climate change and sustainability as an integral part of their strategy. Roughly one-third of the organizations indicate sustainability considerations are embedded throughout the organization but do not impact the core business model.

- Certain countries report a much higher percentage of organizations that are transforming their business model compared to others. Notably, United Arab Emirates (64%), Japan (55%), and Italy (55%) are among these countries.

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



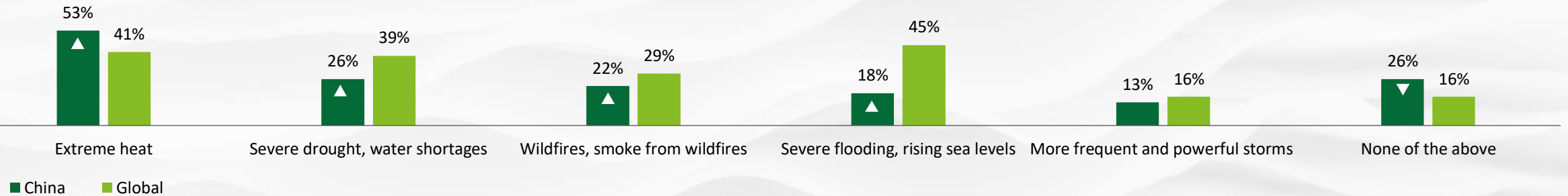
Executives who agree/strongly agree the world can achieve global economic growth while also reaching climate change goals



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)



57% of CxOs in China report feeling concerned about climate change all or most of the time, compared to 76% at the global level. This concern is likely driven by direct experiences with climate-related events over the past year, such as extreme heat, severe drought/water shortages, and wildfires.

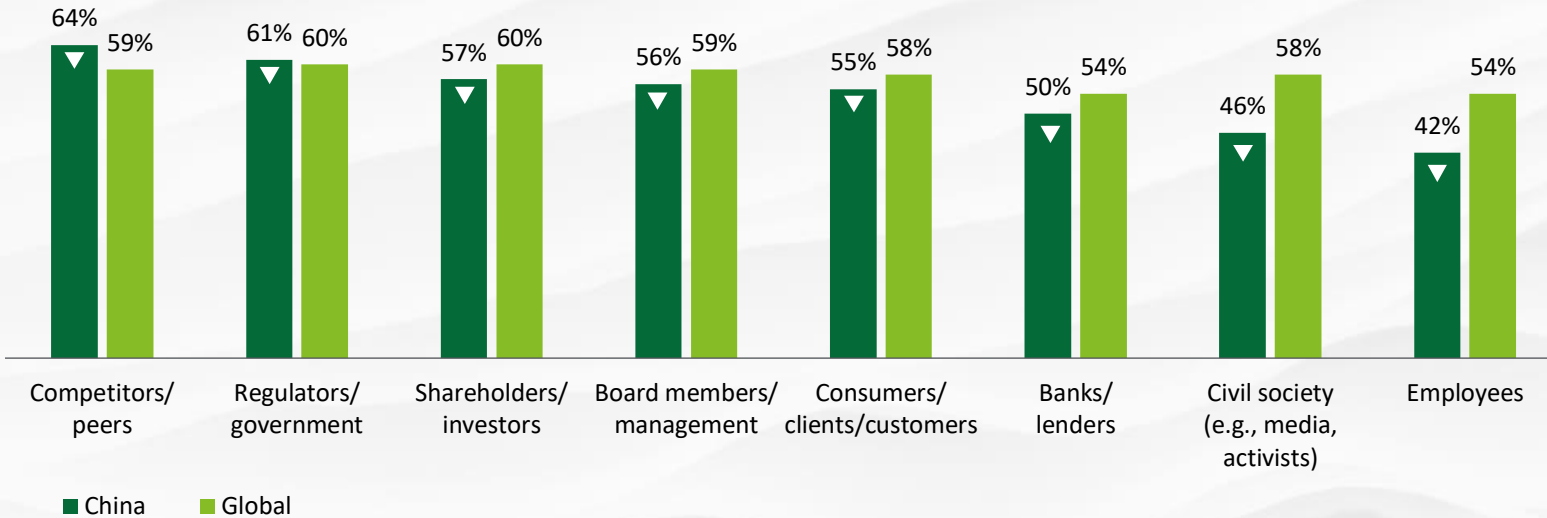
- Despite over half of the executives reporting concern, CxOs are also reporting high levels of optimism, perhaps indicating stronger levels of faith in the potential benefits of climate action.

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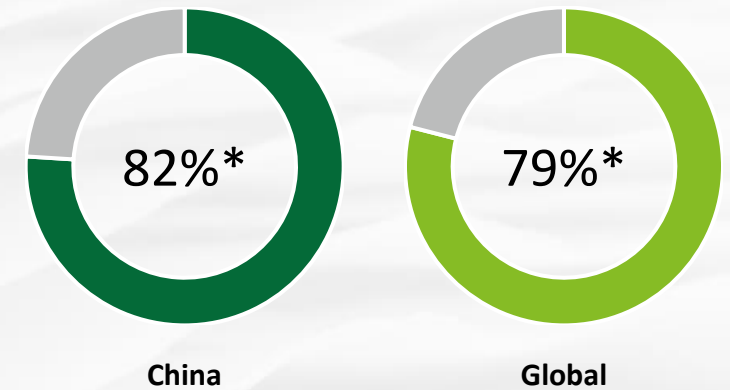
Companies feel broad pressure from stakeholder groups



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 China and abroad are reporting similar levels of pressure from various stakeholder groups, especially from their competitors/peers and regulators/governments.

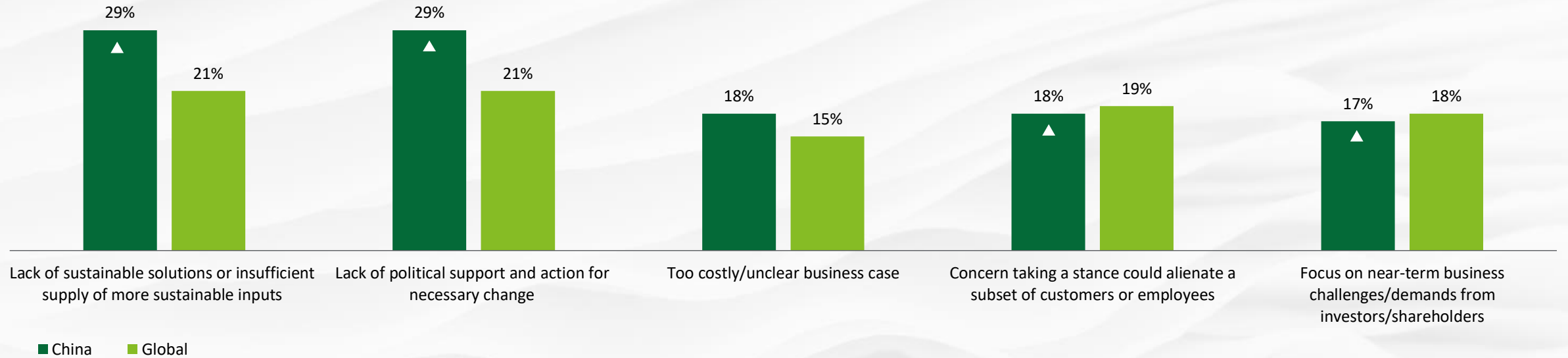
- Compared to 2023, various stakeholders in China are applying slightly less pressure for organizations to act on climate change, despite the majority still pressuring companies to increase their climate initiatives.
- A significant amount of pressure from stakeholders to increase their climate initiatives is reported in China (82%) as well as globally (79%), indicating a need for strong collective action around the world.

▲ ▼ 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 to driving sustainability efforts



Businesses are facing several challenges to their sustainability efforts, with lack of sustainable solutions/inputs and lack of political support topping the list for Chinese firms.

- While Chinese and global businesses face similar challenges, Chinese organizations appear to be more challenged by a lack of sustainable solutions and political support.
- Chinese organizations also report growing challenges in the forms of concern about alienating subsets of customers/employees and focus on near-term business challenges.

▲ ▼ 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

44%▲

Addressing climate change

Global = 39%

42%▲

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

Global = 35%

41%

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

Global = 35%

39%

Long-term organizational resilience

Global = 36%

37%

Customer satisfaction and loyalty

Global = 38%

Top five benefits expected in the next five years

40%▼

Operating margins (e.g., cost efficiency and productivity)

Global = 36%

39%▲

Revenue from existing businesses

Global = 34%

39%

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

Global = 35%

38%

Cost savings/lower cost of capital

Global = 36%

38%

Addressing climate change

Global = 37%

While addressing climate change is a top benefit for organizations around the world, Chinese companies are experiencing additional benefits to a large degree, especially when it comes to asset values and revenue from new businesses.

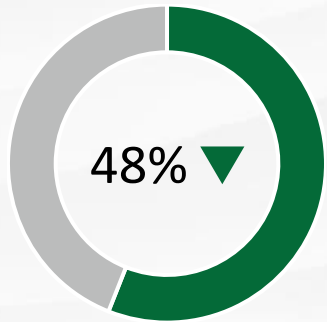
- Additional benefits experienced by Chinese organizations include long-term organizational resilience and customer satisfaction/loyalty.
- Over the next five years, Chinese businesses expect to see even greater financial benefits, such as operating margins, revenue from existing businesses, asset values, and cost savings.

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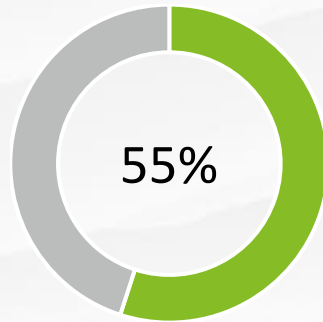
The importance of climate equity and a just transition in sustainability efforts continues to grow



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



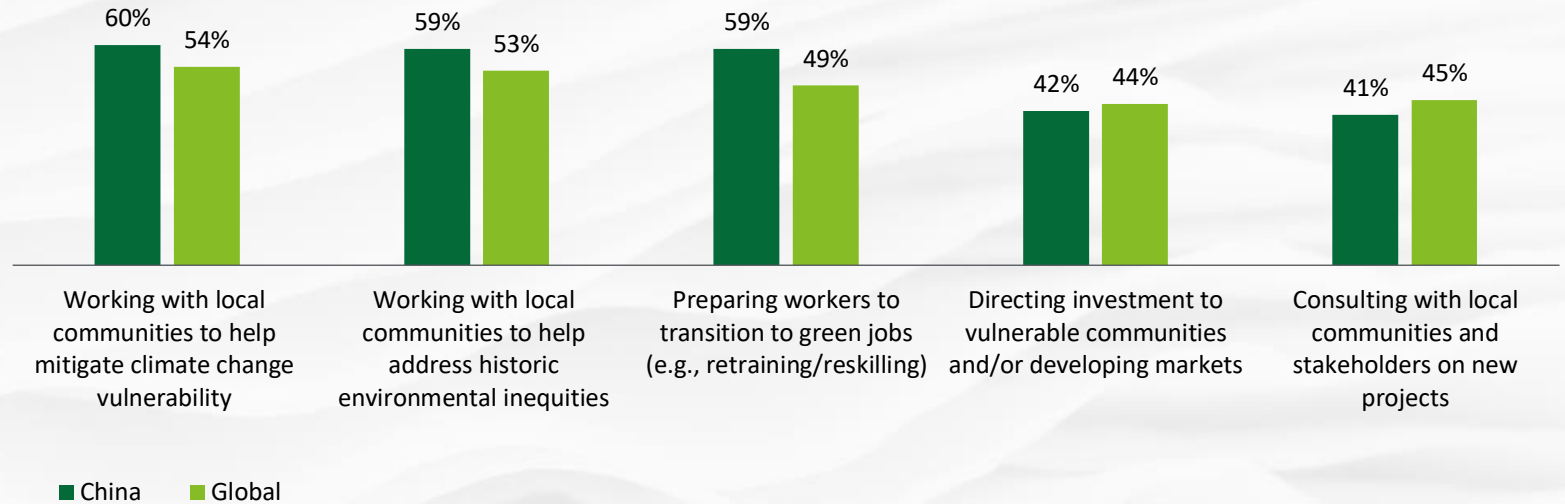
China



Global



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 nearly half of the organizations surveyed in China, indicating a decrease in concern from 2023 (62% in China).

- China is ranked 20th among countries surveyed in terms of rating a just transition as extremely important. This marks a significant change from 2023, when China was ranked 4th in this category.
- More than half of the Chinese organizations surveyed report efforts to work with local communities to help address historic inequities and mitigate climate change vulnerability and are also preparing workers to transition into green jobs.

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

Organizations 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

47%

Implementing nature-based climate solutions or nature restoration projects

Global = 44%

47% ▲

Lobbying for or making political donations in support of climate initiatives

Global = 44%

46%

Increasing insurance coverage to prevent against climate-related risks (e.g., wildfires, sea level rise)

Global = 47%

46% ▼

Including monitoring of climate risk in corporate governance processes (e.g., board oversight)

Global = 48%

45% ▼

Reconfiguring operations, infrastructure, and/or supply chain to be more climate-resilient

Global = 46%

Harder-to-implement, needle-moving actions*

47% ▲

Lobbying for or making political donations in support of climate initiatives

Global = 44%

45% ▼

Reconfiguring operations, infrastructure, and/or supply chain to be more climate-resilient

Global = 46%

41% ▼

Requiring suppliers and business partners to meet specific sustainability criteria (e.g., emissions reductions)

Global = 47%

39% ▼

Developing new climate-friendly products or services

Global = 48%

35% ▼

Tying senior leaders' compensation to environmental sustainability performance

Global = 43%

* As defined by Deloitte Global analysis

Chinese and global organizations are taking similar actions as part of their sustainability efforts, such as increasing insurance coverage against climate-related risks, including monitoring of climate change in corporate governance processes, and reconfiguring their operations.

- While global organizations also prioritize the use of sustainable materials and the development of new climate-friendly products and services, Chinese organizations focus slightly more heavily on nature-based solutions and lobbying for political support.
- The number of Chinese organizations taking part in harder-to-implement, needle-moving actions has shifted since 2023, with the percentage of organizations lobbying for political support growing,

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

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