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Deloitte 2023 CxO Sustainability Report

Accelerating the Green Transition | Italy

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 organizations 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 Italy’s executives stand out from their global counterparts** on key themes.

Key global findings:

When asked to rank the issues most pressing to their organizations, **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 organization’s strategy and operations** over the next three years. **Some 75% said their organizations 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 organizations 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 organization to increase climate action over the last year.**

ORGANIZATIONS 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 organizations 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 organizations, 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.

Italy country profile

- We surveyed **56 executives** in Italy.

Italy BUSINESS PROFILE:

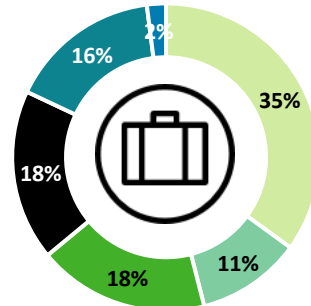


Number of Employees

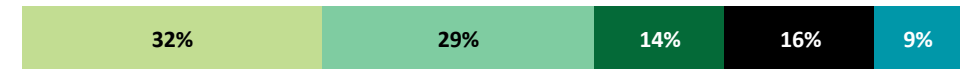
- <1K: **16%**
- 1K to 4,999: **37%**
- 5K to 9,999: **18%**
- 10K to 19,999: **13%**
- 20K to 49,999: **7%**
- 50K to 99,999: **4%**
- >100K: **5%**

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



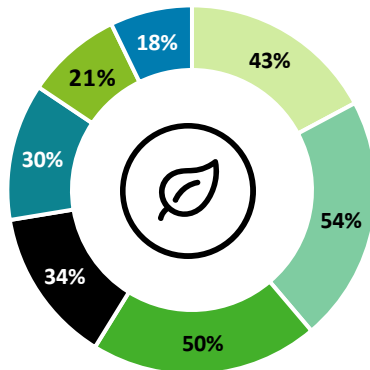
Industry



- 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

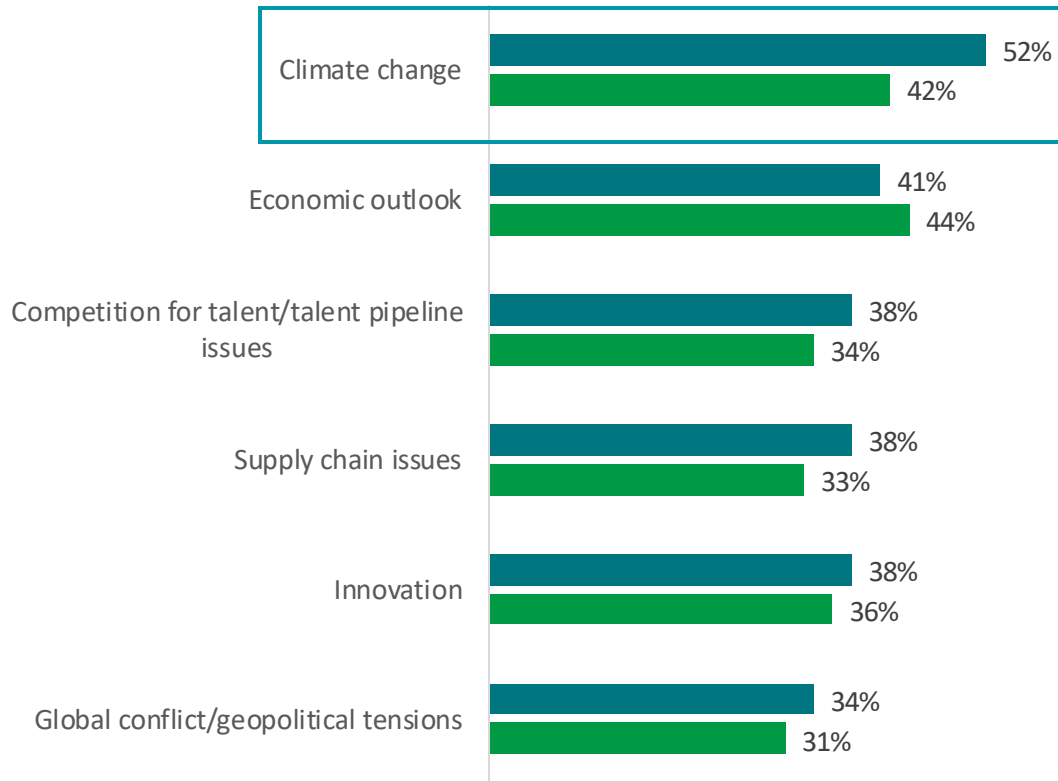


Climate remains a top priority despite other pressing issues

- Italian CxOs ranked climate change as the most pressing issue for their organizations over the next year: 52% of Italian CxOs called it a “top three priority” compared to just 42% of global CxOs.
- The importance of climate change is reflected in Italian organizations’ investments over the last year: 80% have increased their sustainability investments (higher than the global average of 75%), 28% of which say they’ve increased investments *significantly*. None of the surveyed Italian CxOs said their organizations have decreased sustainability investments in the past year.



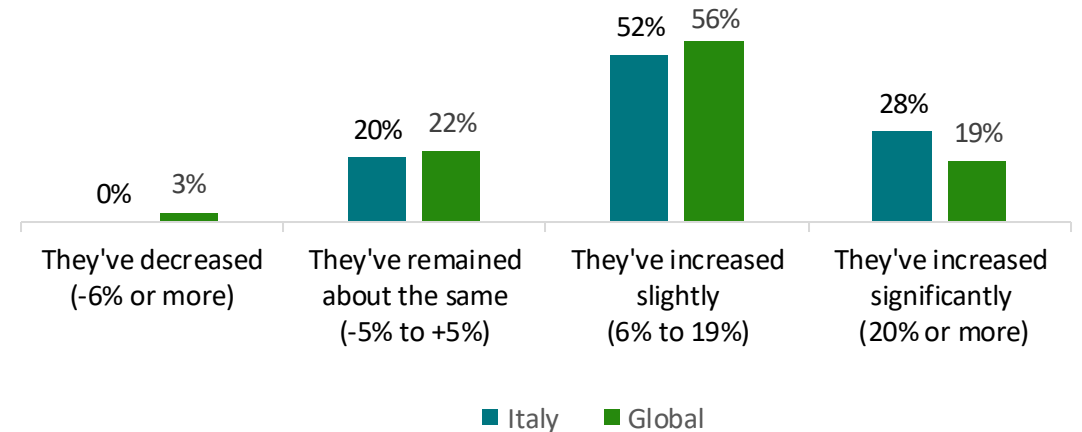
What does your organization see as the most pressing issues to focus on over the next year? (rank in order of importance)



■ % ranked in the Top 3, Italy ■ % ranked in the Top 3, Global



How have your sustainability investments changed over the last year?



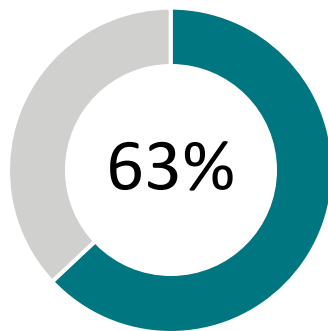
■ Italy ■ Global

Organizations feel the impact of climate change

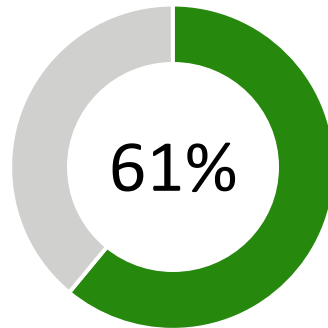
- 63% of Italian CxOs say climate change is likely to impact their companies' strategies and operations to a "high/very high" degree over the next three years, which is slightly higher than the global average.
- Almost all respondents indicated the effects of climate change have negatively impacted their organizations over the past year. Italian organizations are more likely than the global average to feel the following negative effects of climate change: shareholder pressure, changing consumption patterns, resource scarcity/cost of resources, and pressure from civil society.



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*



Italy



Global



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

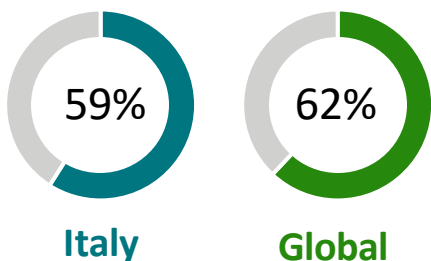
Italy	Global	
57%	41%	Shareholder pressure
54%	45%	Changing consumption patterns or preferences (e.g., impact of climate change on customers/clients)
50%	46%	Resource scarcity/cost of resources
46%	38%	Pressure from civil society
43%	43%	Regulation of emissions
39%	42%	Regulatory/political uncertainty

CxOs are worried about climate change but optimistic about climate action

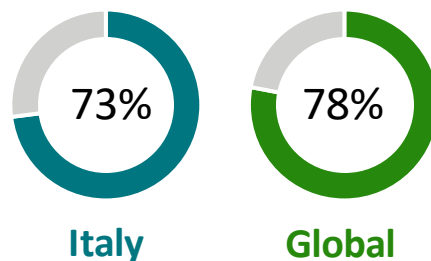
- 73% of Italian CxOs are optimistic the world will take sufficient steps to avoid the worst impacts of climate change. Despite this optimism, 59% feel concerned about climate change all or most of the time. Italian CxOs are also optimistic (though slightly less so than the global average) the world can achieve global economic growth while also reaching climate change goals.
- 84% of Italian CxOs (compared to 82% of global) have been personally impacted by climate events in some way with extreme heat, water restrictions, and more frequent and powerful storms the most frequently-cited issues.



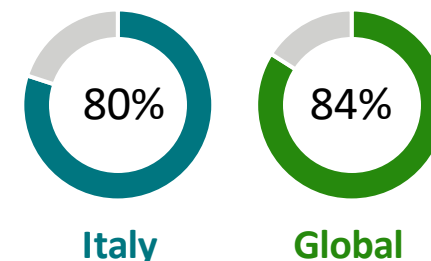
Leaders who say they **feel concerned about climate change** all or most of the time



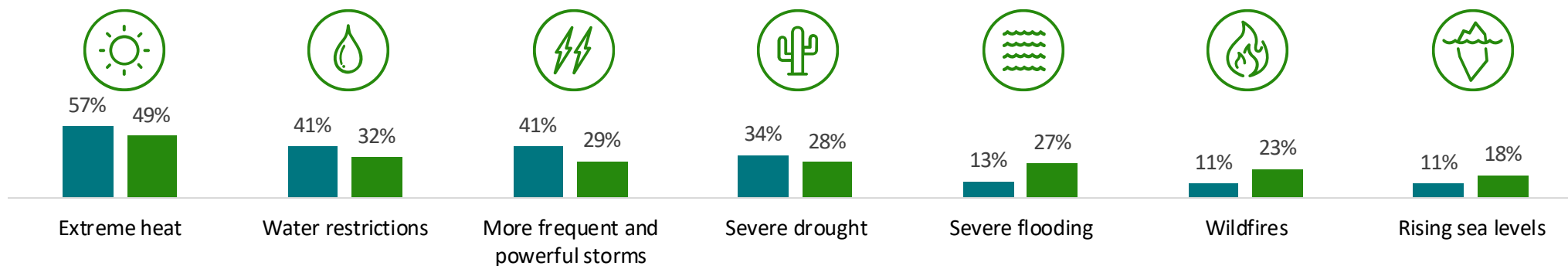
Leaders who are somewhat/extremely optimistic **the world will take sufficient steps to avoid the worst impacts of climate change**



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)*



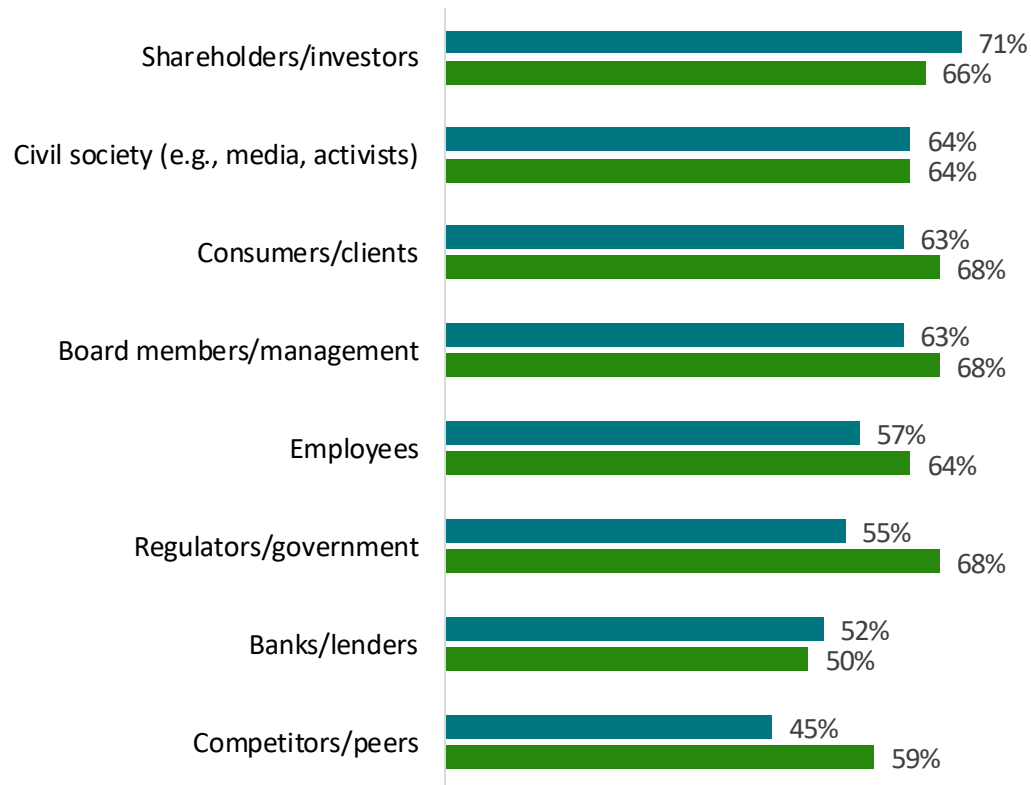
Companies feel broad pressure from stakeholder groups

- Italian 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, Italian CxOs are more likely than the global average to say they're feeling pressure from shareholders and investors.
- The majority of Italian CxOs (and a higher percentage than the global average) also say the changing regulatory environment and employee activism have increased their organizations' sustainability actions over the past year.



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

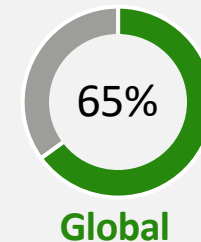
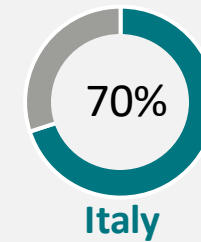
(select all that apply, to a moderate/large extent)



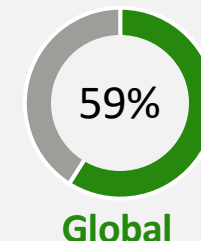
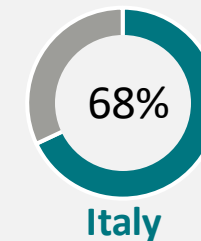
■ Italy ■ Global



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



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

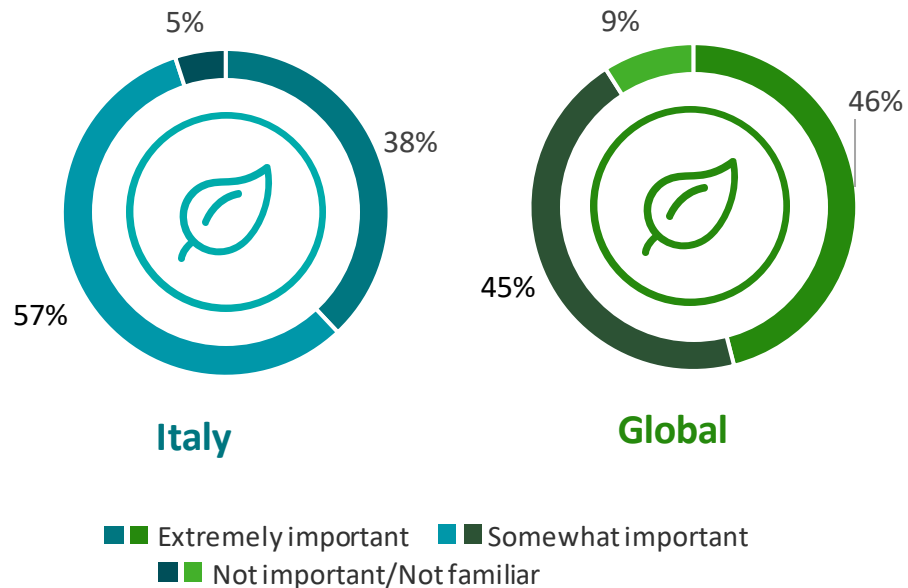


Many organizations express concern about a “just transition”, but focus uneven among countries

- 38% of Italian CxOs say that ensuring a “just transition” is extremely important to their organizations compared to 46% of global executives.
- Italy ranks in the bottom half (17th) among the 24 countries we polled when rating a just transition as “extremely important.”

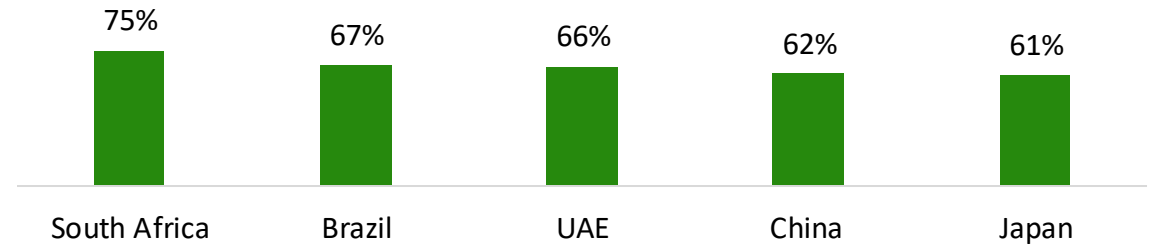


To what extent does climate equity or ensuring a “just transition”* factor into your company’s sustainability efforts?

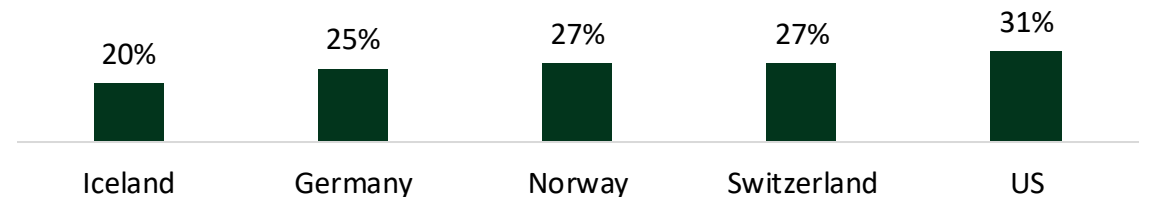


*A **just transition** seeks to ensure that the substantial benefits of transitioning to a green economy are shared widely, while also supporting those who stand to lose economically—whether countries, regions, industries, communities, workers, or consumers

▲ Countries most likely to see this issue as extremely important



▼ Countries less likely to see this issue as extremely important



Italy ranks 17th among countries rating a “just transition” as extremely important

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

- Italian companies are more likely than the global average to be focused on using sustainable materials, developing new climate-friendly products/services, using climate-friendly technologies, reducing their amount of air travel, and increasing the efficiency of energy use. They're also more likely than the global average to say they're organizations are undertaking some of the "needle-moving" actions defined by Deloitte's analysis, including developing new climate-friendly products/services, requiring business partners to meet sustainability criteria.
- Italian CxOs are even more skeptical than the global average about the seriousness of the private sector and governments' commitments to address climate change.

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



TOP ACTIONS TAKEN

71%

Using more sustainable materials (e.g., recycled materials, lower emitting products, less plastic material, "circular" products)
Global = 59%

66%

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

64%

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

63%

Reducing the amount of air travel
Global = 47%

63%

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



HARDER TO IMPLEMENT, NEEDLE-MOVING ACTIONS*

**As defined by Deloitte's analysis*

66%

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

61%

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

50%

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

30%

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

27%

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



Italy **16%** Global **29%**

said they believe the **private sector** is "very" serious



Italy **14%** Global **28%**

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

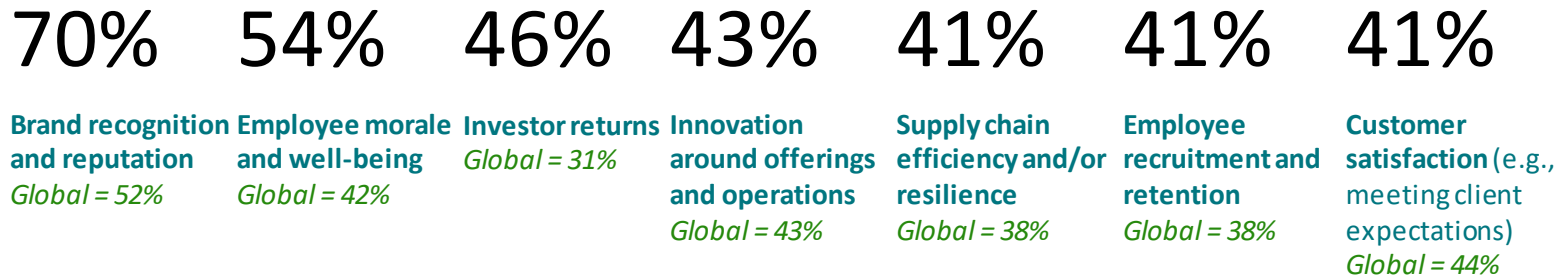
Benefits of climate strategy and obstacles that impede impact

- Italian CxOs see brand reputation, employee morale, and investor returns as the top benefits of their current sustainability efforts. Like the global population, Italian CxOs are much less likely to see the more tangible, financial benefits of their current climate efforts (besides “investor returns”).
- Italian CxOs cite cost, focus on near-term business issues, lack of regulatory/reporting requirements, and lack of political support or action as their top barriers to more climate action.

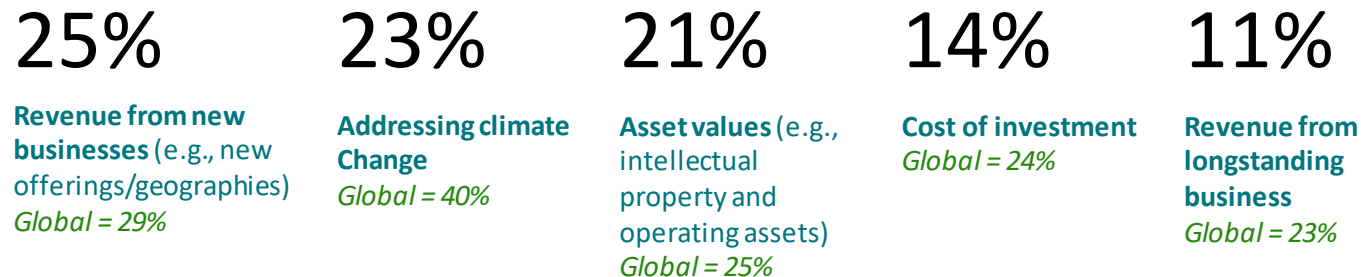


I strongly believe my company’s current sustainability efforts have a positive impact on the following (select top 5)

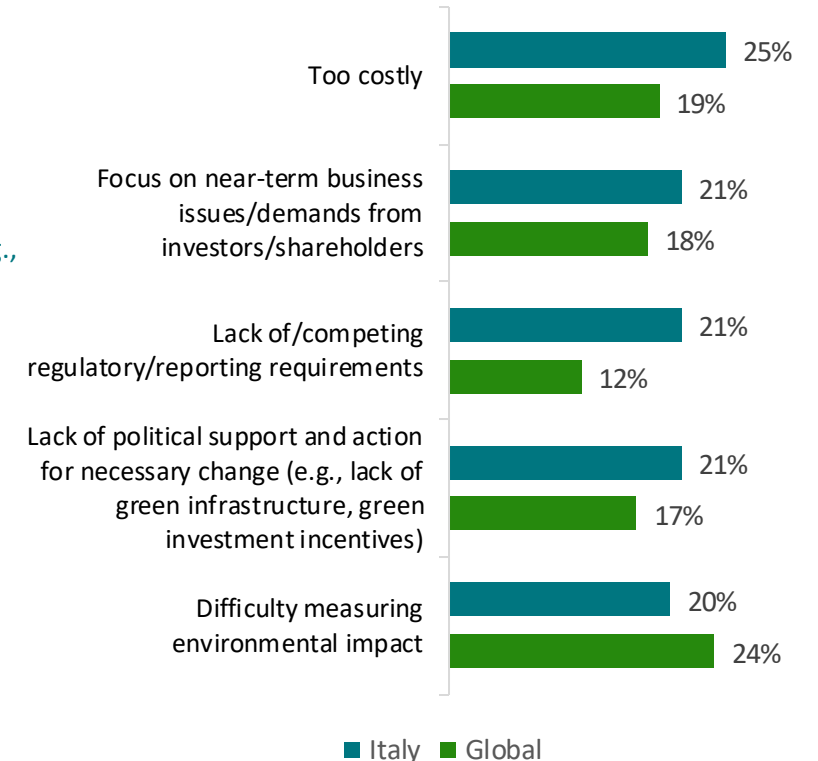
▲ TOP FIVE BENEFITS SELECTED



▼ BOTTOM FIVE



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





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