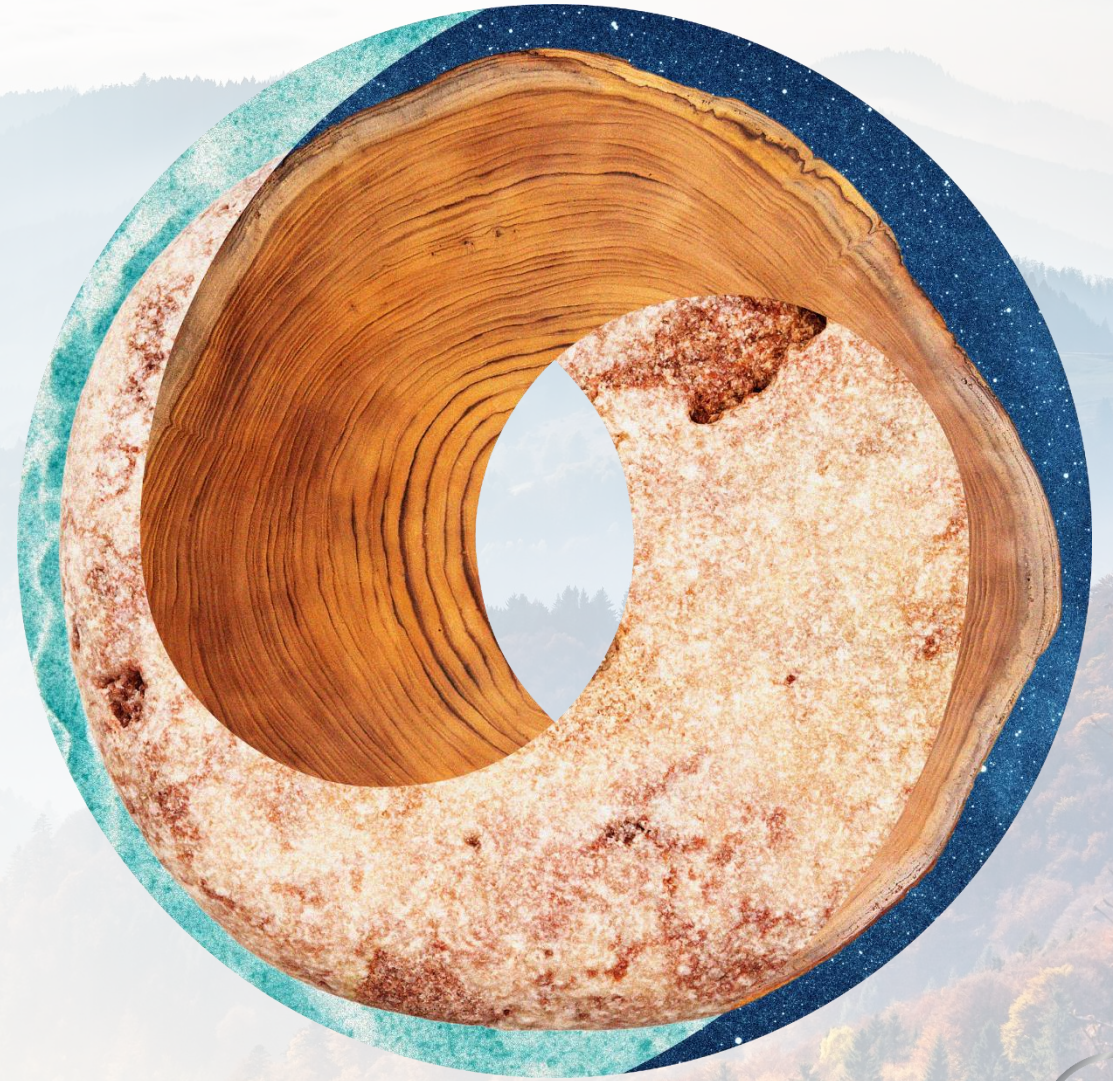


Deloitte.

Deloitte 2024 CxO Sustainability Report

Middle East 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.

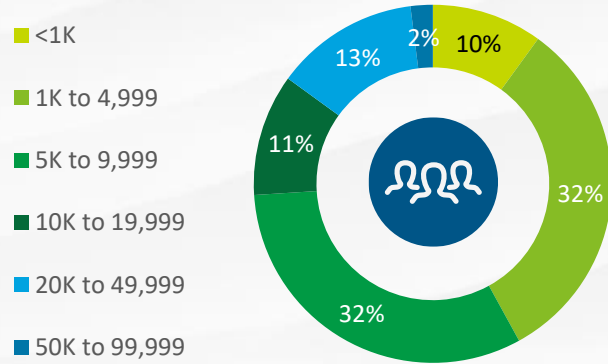
This report provides a view of the current climate action landscape among CxOs globally and explores the latent potential of that middle cohort: what actions they’re already taking, what barriers they face, and what lessons they can learn from leading companies that are modeling what a holistic approach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



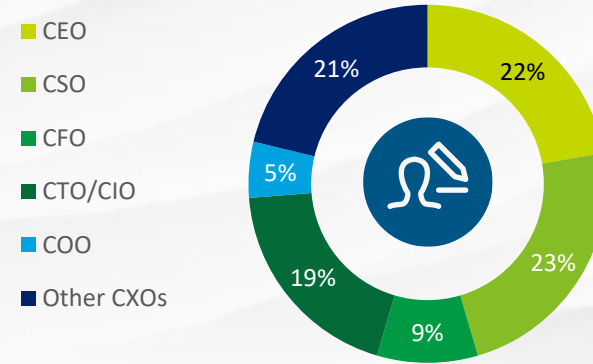
Middle East country business profile

118 executives were surveyed in the Middle East (Qatar n=34, Saudi Arabia n=31, and United Arab Emirates n=53)

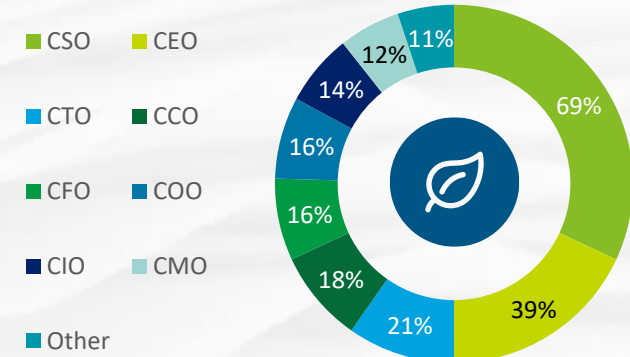
Number of employees



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

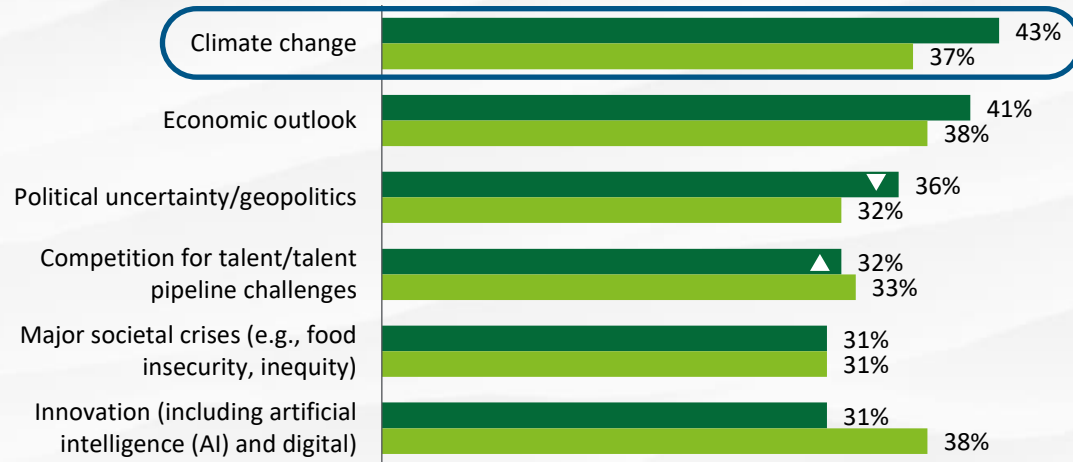


■ Consumer ■ Energy, Resources & Industrials
 ■ Financial Services ■ Life Sciences & Health Care
 ■ Technology, Media & Telecom

Climate remains a top priority despite many pressing issues



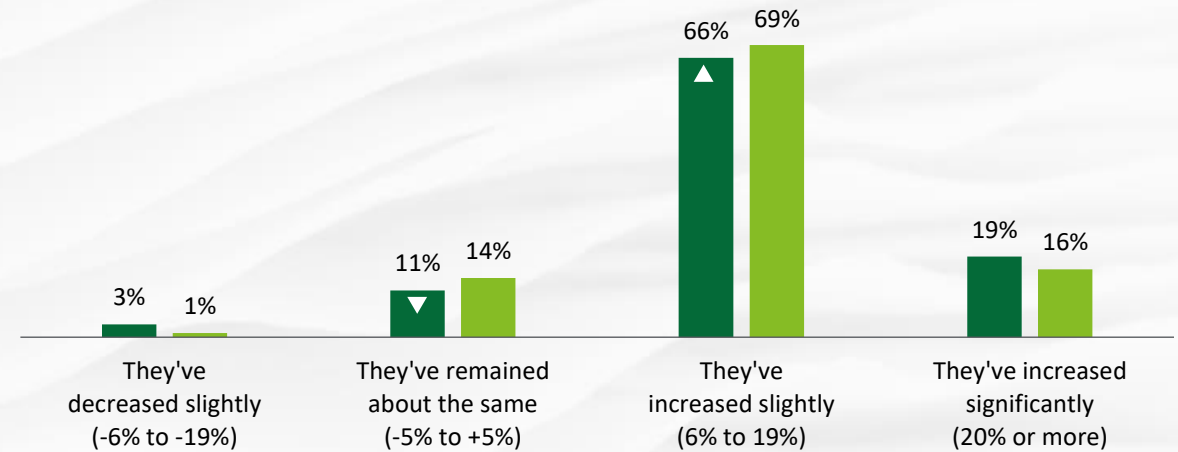
What does your organization see as the most pressing issues to focus on over the next year? (rank nine options in order of importance)



■ % ranked in the Top 3, Middle East ■ % ranked in the Top 3, Global



How have your sustainability investments changed over the last year?



■ Middle East ■ Global

In the Middle East, 43% of executives view climate change as one of the most pressing issues for the upcoming year, surpassing the global average.

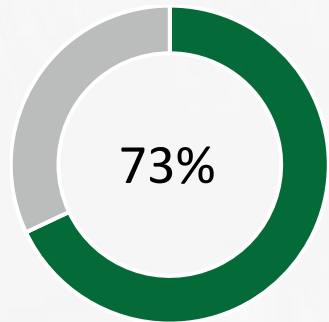
- This highlights a recognition of climate-related challenges in the region, even as other concerns like the economic outlook and political uncertainty also demand attention.
- When it comes to sustainability investments, the Middle East shows a significant focus: 66% of organizations reported a slight increase in their investments over the past year, closely aligning with the global figure of 69%.
- Additionally, 19% of Middle Eastern companies significantly increased their sustainability investments by 20% or more, which is slightly higher than the global average.

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

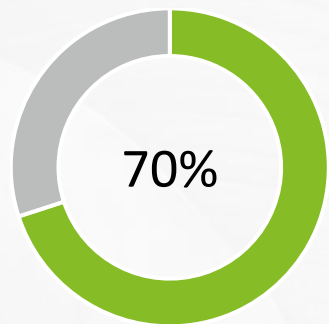
Climate change's impact on strategies and operations is growing



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



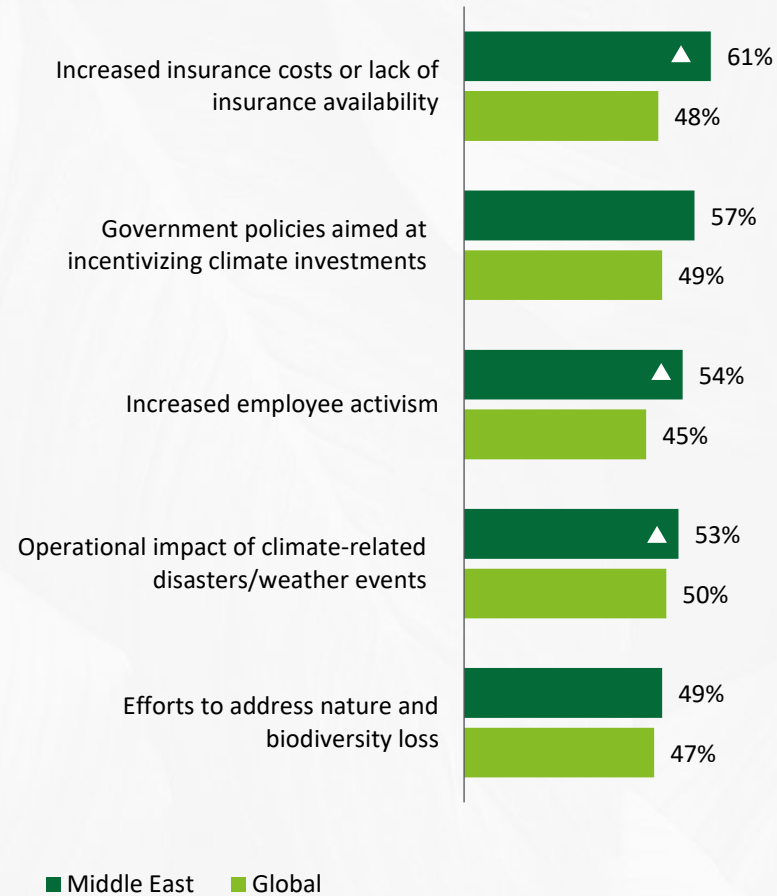
Middle East



Global



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



In the Middle East, executives are increasingly aware that climate change will have a significant impact on their company's strategy and operations in the near future. This awareness is stronger in the region compared to the global average.

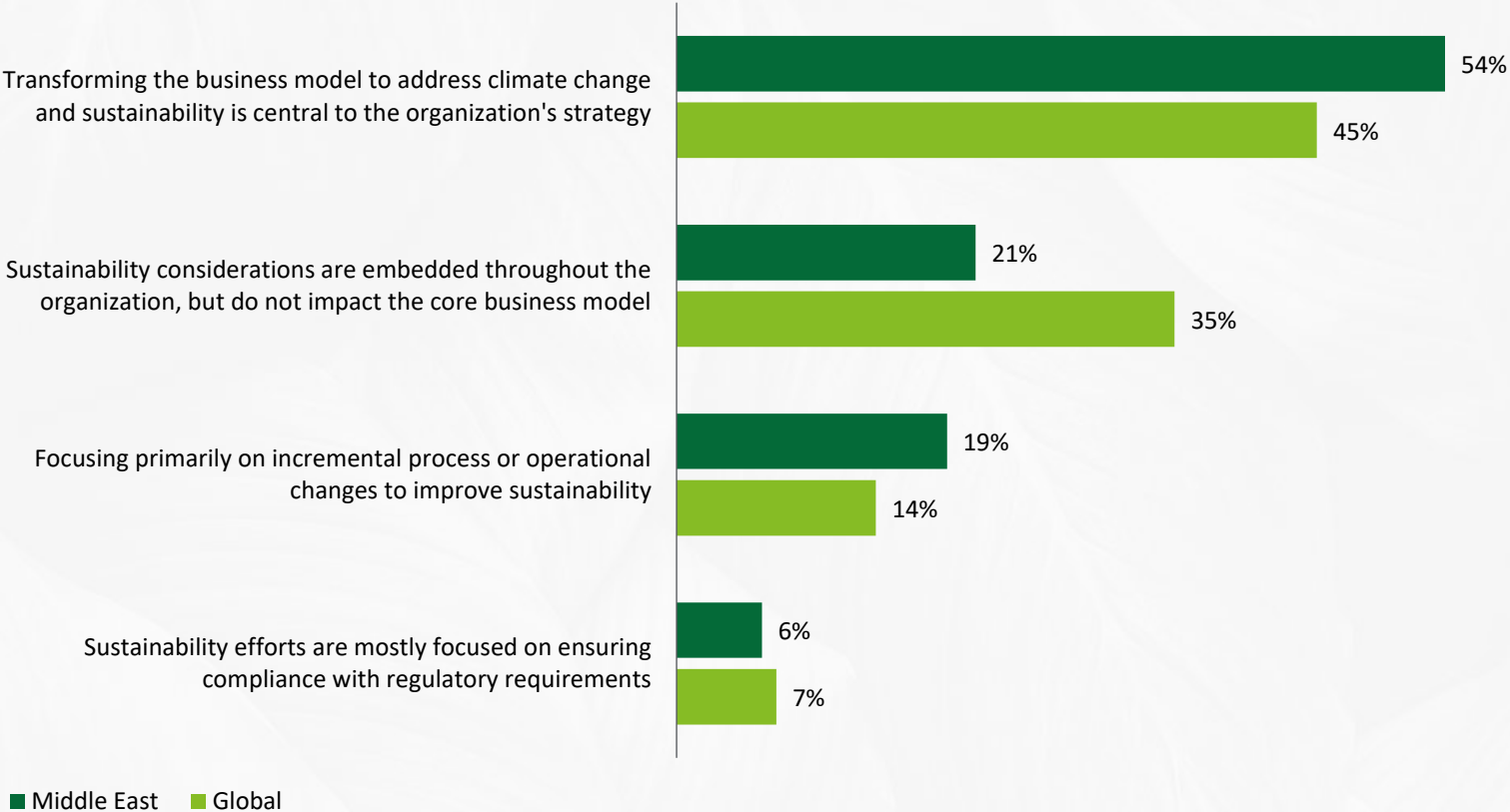
- Several climate-related issues are already affecting companies in the region. Increased insurance costs or the lack of insurance availability has emerged as a major concern, with a notable rise in its significance over the past year.
- Government policies that incentivize climate investments are also seen critical, reflecting growing governmental influence on corporate climate strategies.

▲ ▼ 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)



In the Middle East, more than half of the organizations are actively transforming their business models to address climate change and sustainability, ahead in comparison to global trends. This reflects a strong commitment to integrating sustainability into the core of their strategies.

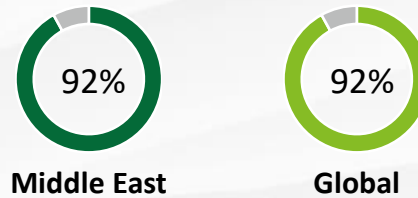
- While some companies embed sustainability considerations throughout their operations without altering their core business models, this approach is less common in the Middle East than globally.
- Many organizations in the region focus on incremental process or operational changes to enhance sustainability, indicating a balanced approach between transformation and operational improvements.

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)



A significant portion of executives remain concerned about climate change, though slightly less so than their global counterparts. This reflects a regional awareness of climate risks, yet with perhaps a slightly tempered sense of urgency compared to the global sentiment.

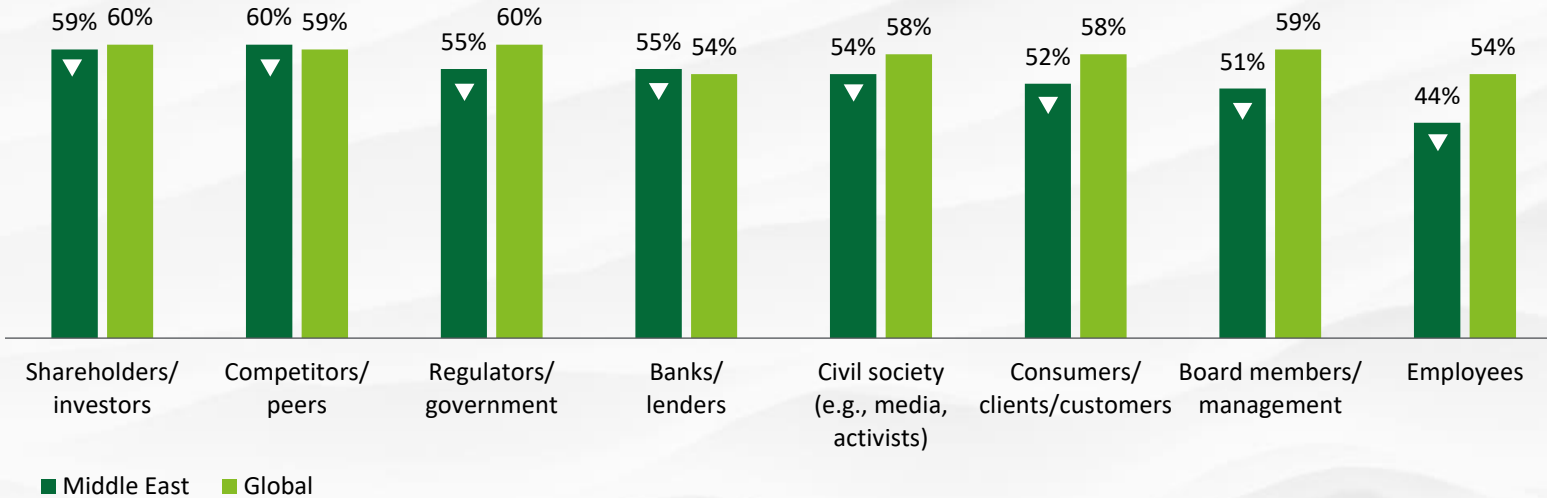
- Despite these concerns, optimism is strong among Middle Eastern executives regarding the world's ability to take effective steps to mitigate the worst impacts of climate change. This optimism extends to the belief that global economic growth can continue alongside reaching climate goals.
- When it comes to personal impacts from climate events, executives in the Middle East report slightly higher experiences of severe flooding, rising sea levels and extreme heat compared to the global average, emphasizing the region's particular vulnerabilities.

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

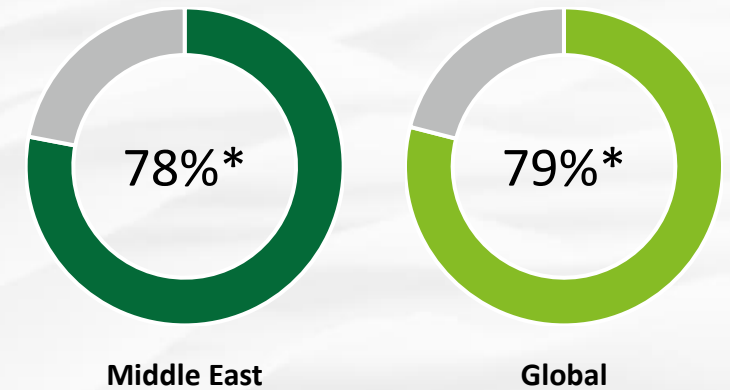
Companies feel broad pressure from stakeholder groups



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.

Middle Eastern companies are experiencing significant pressure from various stakeholder groups to act on climate change. This pressure is slightly lower compared to the global average, reflecting a unique regional context in how climate expectations are being communicated by stakeholders.

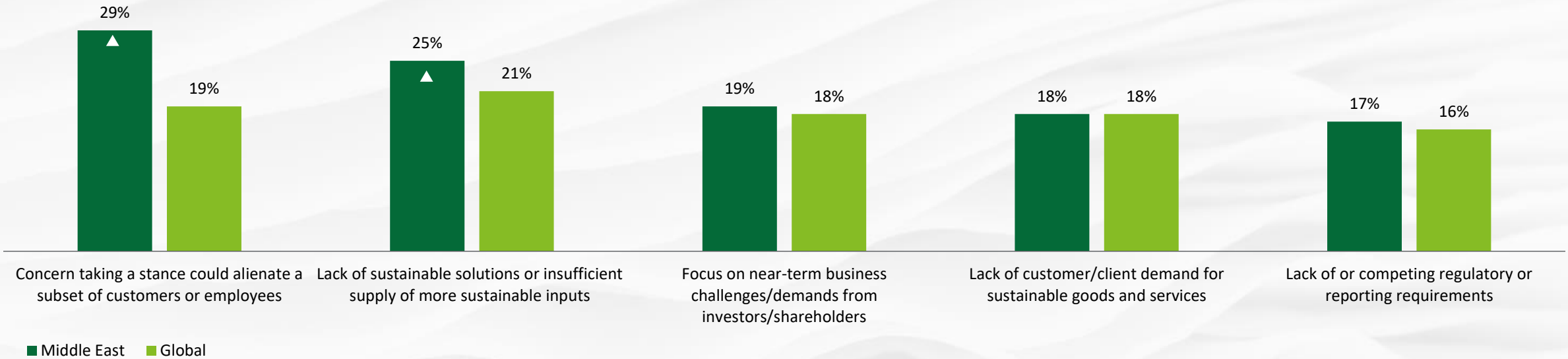
- Executives report receiving similar levels of pressure from shareholders, competitors, and banks, aligning closely with global trends.
- Interestingly, pressure from civil society, including media and activists, is also somewhat lower than the global average, suggesting differences in the intensity of external advocacy in the Middle East. Nevertheless, the overall pressure across stakeholder groups remains robust, signaling a widespread expectation for companies to increase their climate actions.

▲ ▼ 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



Companies in the Middle East face a diverse range of obstacles that complicate their sustainability efforts. A significant concern is the fear that taking a firm stance on sustainability could alienate certain customers or employees, a barrier that is notably higher in the region compared to global trends.

- This suggests that companies in the Middle East are navigating a more sensitive balance between driving sustainability and maintaining stakeholder alignment.
- Another major challenge is the lack of sustainable solutions or insufficient supply of necessary inputs, which adds to the complexity of implementing effective sustainability strategies. This challenge is more pronounced in the Middle East compared to the global average.

▲ ▼ 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

43%

Employee morale and well-being

Global = 37%

41%▲

Ability to recruit and retain talent

Global = 34%

38%▲

Asset values

Global = 35%

36%

Investor returns and/or addressing expectations

Global = 34%

36%▲

Operating margins

Global = 37%

Top five benefits expected in the next five years

44%▲

Ability to recruit and retain talent

Global = 36%

43%

Long-term organizational resilience

Global = 36%

42%

Innovation around offerings and/or operations

Global = 38%

41%

Addressing climate change

Global = 37%

38%

Operating margins

Global = 36%

The benefits of sustainability efforts are broadening, with a notable shift in focus from mere recognition and reputation to more tangible impacts on organizational well-being and performance

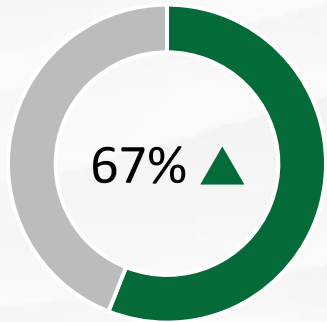
- Companies are increasingly recognizing the value of sustainability in improving employee morale and well-being, as well as their ability to attract and retain talent. This shift indicates a growing understanding that sustainability efforts can directly influence the internal health and stability of an organization.
- Looking ahead, organizations in the Middle East anticipate that sustainability will continue to bolster their ability to attract and retain talent, while also contributing to long-term resilience and innovation in offerings and operations.

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

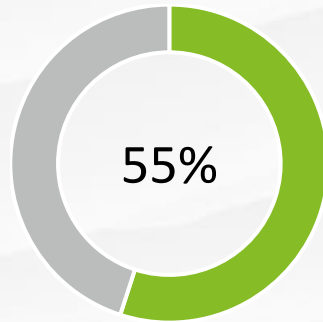
The importance of climate equity and a just transition in sustainability efforts continues to grow



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



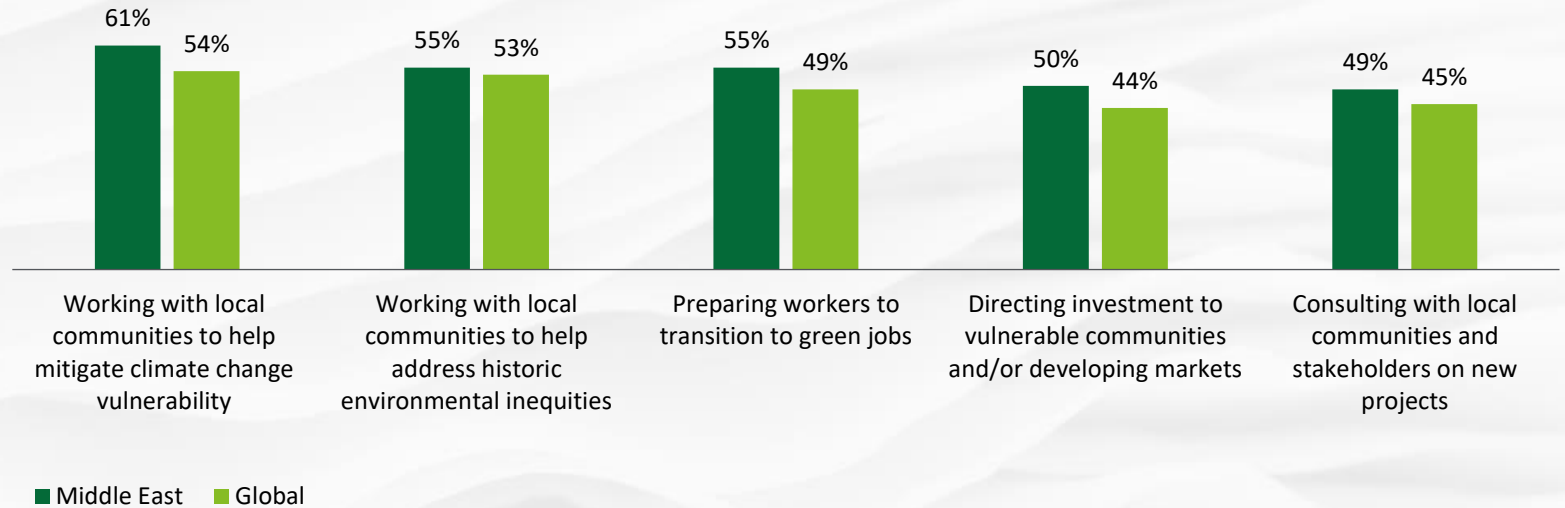
Middle East



Global



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



In the Middle East, there is a growing recognition of the critical role that climate equity and a just transition play in the sustainability efforts of organizations.

- A significant portion of executives now view these aspects as essential to their strategies, with a marked increase in emphasis over the past year.
- Companies in the region are increasingly engaging with local communities to address historic environmental inequities and mitigate climate change vulnerabilities.
- Moreover, there is a strong focus on preparing workers for the transition to green jobs, with initiatives aimed at retraining and reskilling the workforce. Investments are also being directed toward vulnerable communities and developing markets.

▲ ▼ 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

55% ▲

Requiring suppliers and business partners to meet specific sustainability criteria

Global = 47%

55%

Implementing technology solutions to help achieve climate or environmental goals

Global = 50%

53% ▲

Increasing energy efficiency

Global = 49%

53% ▲

Increasing insurance coverage to prevent against climate-related risks

Global = 47%

52%

Purchasing renewable energy directly, contractually or through renewable energy certificates

Global = 49%

Harder-to-implement, needle-moving actions*

55% ▲

Requiring suppliers and business partners to meet specific sustainability criteria

Global = 47%

49%

Developing new climate-friendly products or services

Global = 48%

48% ▲

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

Global = 46%

44% ▲

Lobbying for or making political donations in support of climate initiatives

Global = 44%

43%

Tying senior leaders' compensation to environmental sustainability performance

Global = 43%

* As defined by Deloitte Global analysis

© 2024 Deloitte & Touche (M.E.). All rights reserved.

Middle Eastern companies are increasingly implementing a variety of actions to meet their environmental goals, with a focus on both immediate and long-term strategies. A significant number of organizations are requiring their suppliers and business partners to meet specific sustainability criteria.

- This trend is accompanied by efforts to enhance energy efficiency, implement advanced technology solutions, and secure insurance coverage against climate-related risks.
- Beyond these measures, businesses are also recognizing the importance of more challenging, "needle-moving" actions. These include reconfiguring operations to be more climate-resilient and developing new climate-friendly products or services.

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

Contacts



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



Daniel Gribbin
Deloitte Middle East Climate and
Sustainability Lead
+971509452874
dgribbin@deloitte.com



This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte & Touche (M.E.) (DME) is an affiliated sublicensed partnership of Deloitte NSE LLP with no legal ownership to DTTL. Deloitte North South Europe LLP (NSE) is a licensed member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 457,000 people make an impact that matters at www.deloitte.com.

DME would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a leading professional services organization established in the Middle East region with uninterrupted presence since 1926. DME’s presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME’s affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides services through 23 offices across 15 countries with more than 7,000 partners, directors and staff. It has also received numerous awards in the last few years such as the 2022 & 2023 Great Place to Work® in the UAE, the 2023 Great Place to Work® in the KSA, and the Middle East Tax Firm of the year.