

Deloitte.

Sustainability & Climate

Global Risk Advisory



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The Sustainability & Climate landscape

The Sustainability & Climate landscape

For today's enterprises, sustainability is a priority. Regulators enforce it. Stakeholders demand it. And markets reward it. That doesn't make it an easy mandate to carry out. Sustainability & Climate (S&C) rules appear and change at a furious global pace, and complying with them is about more than avoiding penalties—Deloitte research shows companies and economies can enjoy large gains from decarbonization. Consumers, employees, and other stakeholders set high sustainability expectations for the companies they do business with—not only for action, but also for transparency.

The imperative for decarbonization and green industrial practices is every bit as real as the rise of the internet, digitalization, or any other significant societal transformation in recent memory. This is happening. In the end, it matters less which reason drives you—compliance, consumer sentiment, reputation, or profit—because they all point down the same road. You need to weave Sustainability & Climate action into everything you do.

So that's where you're headed. Do you know how you'll get there? How will you measure progress along the way?

Deloitte research reveals that Sustainability & Climate concerns are imperative for all stakeholders:

89%

of C-level executives agree there is a "global climate emergency"¹

79%

see the world at a tipping point for responding to climate change²

>50%

of surveyed Gen Z and millennials say they research a brand's environmental impact and policies before accepting a job from them³

\$43 Trillion

With decarbonization, the world economy could be US \$43 trillion larger than on a climate-damaged baseline.⁴



Our perspective

Our perspective

Against that landscape, what is Deloitte's view? With a 20-year history in S&C, Deloitte Risk Advisory recognizes that organizations have transformational opportunities—and we can help.

- Climate regulations are now baked into government, economic, and industrial policy, but most organizations don't yet have the **regulatory muscle** to handle the pace or degree of change.
- Market and stakeholder demands can be harder to **detect and interpret**. That puts a premium on data management and analytical capabilities attuned to the unique needs of S&C.
- Organizations should operate with confidence that their climate data is accessible when and where it's needed. Deloitte's comprehensive line up of data governance, management, measuring, and reporting capabilities help organizations become "Sustainable by Design" and integrate climate information **with operational or decision-making systems**.
- In many industries and technology areas, S&C requires **specialized roles** that organizations need to understand and activate.

In other words: Organizations are playing catch-up, with both the regulators and their own future selves. By itself, regulatory compliance is at an early stage on the maturity curve, and a comprehensive S&C approach takes far more. To advance from this stage, companies need to make their S&C data comprehensive, uniform, and timely—then act on it. Driving that change will require specialized skills. From our full range of services, we've spotlighted key areas — including **Regulatory, Data management, Technology solutions, Key industries, and Adaptation & Resilience**.





Our spotlight services

Our spotlight services

Deloitte Risk Advisory offers a complete set of end-to-end solutions from advisory to implementation, across all industries. We draw on the deep knowledge and experience of technical specialists, market authorities, and regulatory and legal professionals from around the globe. Combined with our proprietary technologies, we can deliver in many areas of the Sustainability & Climate landscape.

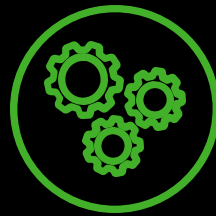
Within this comprehensive array of capabilities (see slide 15), we focus on five interconnected spotlight services:



Regulatory



Sustainability &
Climate data



Technology
solutions



Key
industries



Adaptation &
Resilience

Regulatory

Before you can adhere to regulations, it's a huge task just to know and understand them.

Deloitte has created a comprehensive **digital regulatory management platform** that combines technology with human intelligence. This perspective can enhance the way organizations interpret regulations, set targets, and structure, source, and manage compliance.

This exclusive regulatory tool allows companies to:

SENSE – by finding emerging global S&C regulations, so they know what's coming

UNDERSTAND – by determining what is applicable now and how it evolves on a daily basis

COMPLY – by helping companies implement and adhere to regulations



Sustainability & Climate data

Your stakeholders need a clear view of your sustainability performance. But first, so do you.

Deloitte helps clients create a single source of truth around their sustainability performance. Centralizing and connecting data so it's there when you need it offers a clear view of your commitments—and that's the key to making **data-led decisions** with confidence.

A single source of truth allows companies to:

- Comply with regulations
- Report to stakeholders, auditors, and customers
- Make informed, data-led decisions about capital allocation, investments, M&A opportunities, operations, purchasing, and more
- Identify opportunities to differentiate their products based on green credentials and energy efficiency

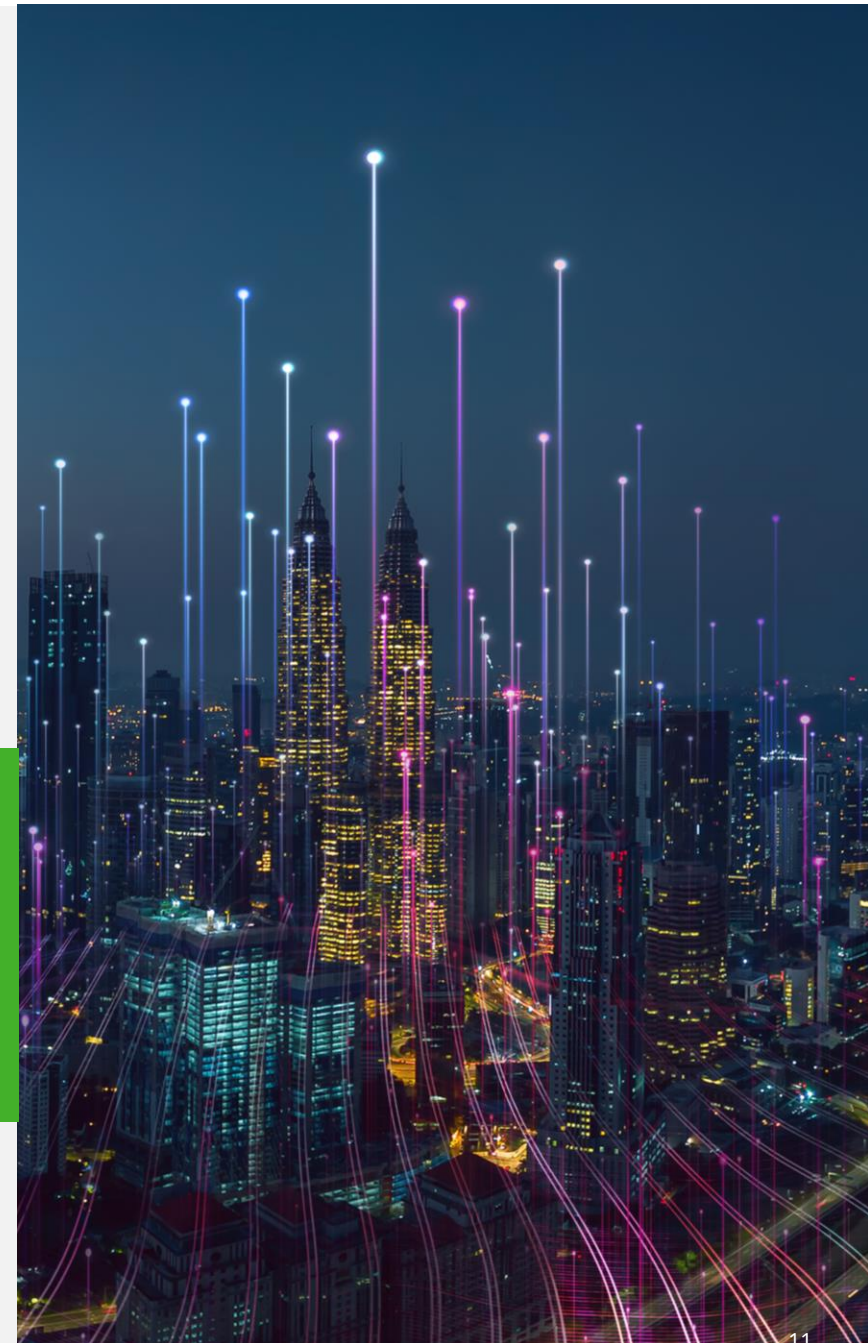
Technology solutions

One of the biggest shifts is that sustainability isn't a separate concern anymore. You need to weave it into everything you do.

To help, Deloitte's **Sustainable by Design** approach brings together our deep S&C advisory experience and world-class technology capabilities, aligned to SAP.

Deloitte offers SAP customers sustainability strategies and solutions in five key areas:

- [Environmental, Social & Governance \(ESG\) Strategy](#)
- [Performance & Reporting](#)
- [Climate & Decarbonization](#)
- [Sustainable Supply Chain](#)
- [Financing Sustainability](#)



 **Key industries**

Meeting a sustainability mandate carries costs. But doing it well also drives value. A plan isn't complete until you address both sides of the ledger. Deloitte supports organizations across all industries to achieve this mission.

Our work is comprehensive across all major industries. Some industries, such as **Financial Services**, play a central role in funding climate transition plans. And no industry will be exempt from regulatory considerations. That's why we focus on helping organizations identify, assess, and implement the most pressing issues and opportunities as they invest in their S&C transitions.

We work with clients to address:

- Strategy & Net-Zero Strategy
- Classification & Scoring (Taxonomy)
- Risk Integration
- Products
- Reporting & Disclosure
- Data Management & Analytics

We work across major industries including:

- Consumer
- Energy, Resources & Industrials
- Financial Services
- Government & Public Services
- Life Sciences & Health Care
- Technology, Media & Telecommunications

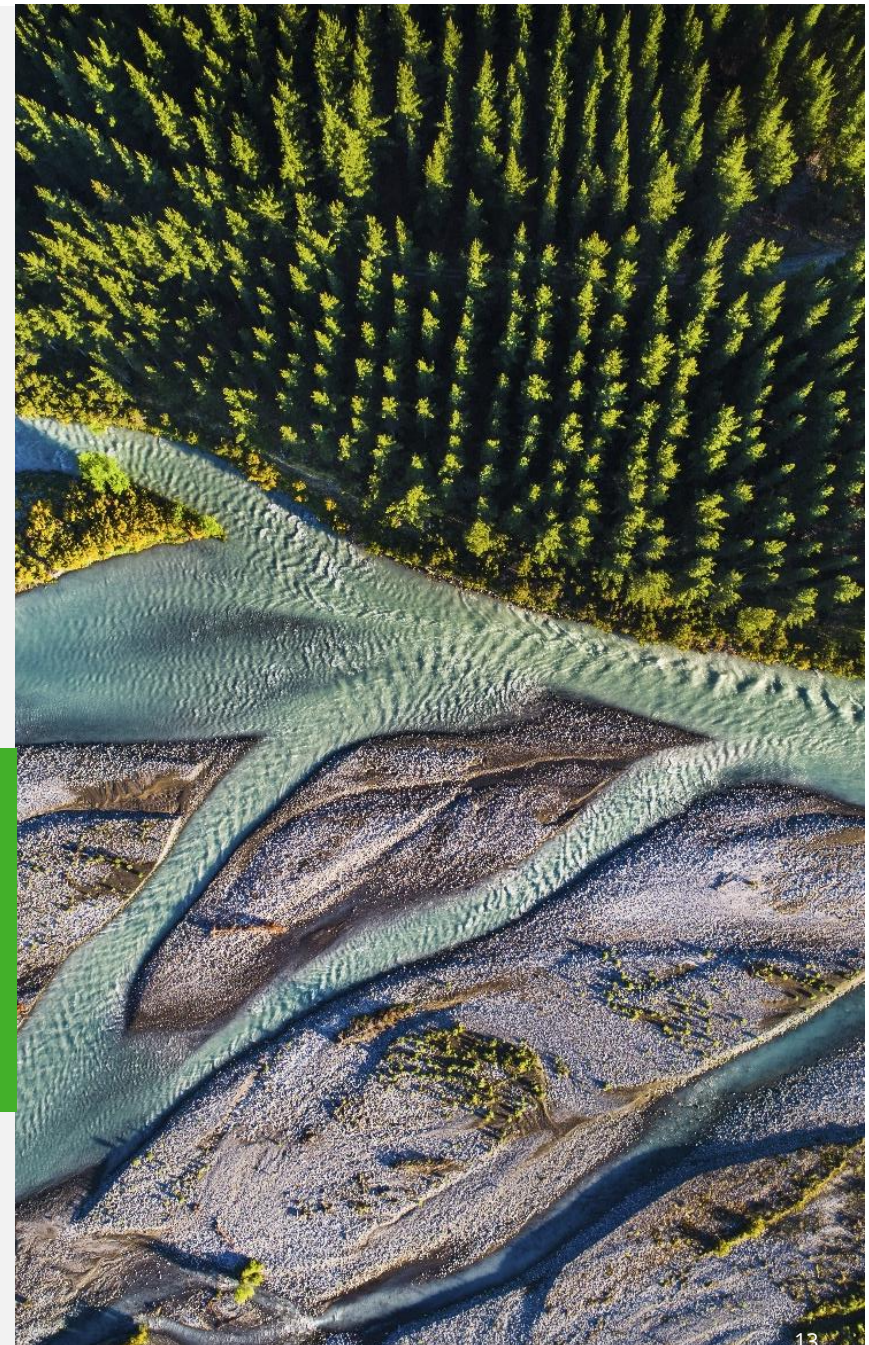
Adaptation & Resilience

Climate impacts are already locked into the system. Understanding climate and nature-related risks are required by all sectors and at all scales.

Deloitte helps to enable appropriate responses—placing downward pressure on risks, and **upward support for opportunities.**

Organizations can access an integrated service across:

- **RISK** – by transitioning and enhancing multi-sector climate risk and risk assessments
- **RESILIENCE** – by supporting organizations through nature-based solutions to climate change
- **ADAPTATION** – by creating synergies between disaster risk reduction and adaptation





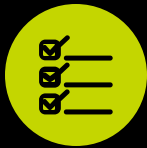
Our full suite
of services

Deloitte offers a broad array of S&C services, across five signature offerings, that can help organizations build capabilities and master their Sustainability & Climate responsibilities.

ESG Strategy	Climate & Decarbonization	Sustainability for CFOs	Sustainable supply chain	Sustainable finance
<p>An ESG strategy can provide clarity and structure to create social, environmental, and economic value, address ESG risks, and meet stakeholder expectations.</p>	<p>We can help analyze your carbon footprint (Scope 1, 2 and 3 emissions), set ambitious goals, and implement decarbonization and transition strategies to improve and protect margins, build brand value, and enhance risk resilience.</p>	<p>As chief financial officers transition from CFO to chief value officer and extend their responsibilities to ESG, we can guide them on how to manage sustainability risk, assess climate change resilience, inform strategy, understand regulatory compliance, and create long-term value.</p>	<p>Managing supply chains and third-party networks is growing more complex. We can help you establish long-term collaborative engagements with your critical value chain partners to implement traceability systems, secure supply, assess ESG risks, and build a more resilient business.</p>	<p>We can support our financial services clients in identifying and assessing the most pressing issues and opportunities by embedding ESG considerations into core operations, rethinking risk and reporting, and building sustainable finance products and innovation.</p>

Benefits of Deloitte's S&C Services

Embedding sustainability into your strategy and operations can help your organization with:



Compliance

- Understand and mitigate risk
- Obtain reliable data for decision-making
- Resource efficiency and cost savings
- Improve stakeholder satisfaction and enhance brand reputation
- Attract investors and improve access to capital



New growth opportunities

- Gain access to new markets, investors, and customers
- Attract quality talent
- Strengthen social licence to operate
- Encourage innovation and collaboration



Cost savings

- Lower cost of capital
- Improve staff productivity and retention
- Increase operational and resource efficiency
- Reduce supply chain complexity and waste



Risk management

- Reduce reputational, regulatory, and operational risk
- Help prepare for stricter regulatory and legal requirements
- Enhance governance
- Forecast and mitigate emerging threats to the business model



Why Deloitte?

Why Deloitte?

Deloitte helps businesses build Sustainability & Climate muscles that help them understand the landscape and their place in it—so they can answer the challenges ahead and turn them into opportunities for growth.

There's more to regulation than compliance. There's more to sustainability than doing the right thing. If you're thoughtful about it, you can turn this challenge into a point of strategic differentiation. We work with you to help make that happen.

With 20 years of S&C experience, this is a road we've traveled before. Our deep roster of more than 1,800 global S&C specialists across 48 countries work in tandem with our cutting-edge technology to embed sustainability throughout your organization—on every level and at every step of the transformation journey. When that happens, you benefit from better-informed operational and investment decisions that bring your S&C vision to life.



Deloitte S&C in action

Stories of our effective work with clients around the world



Consumer products

A **global consumer products company** set science-based sustainability targets—and, as part of the plan, wanted visibility into its suppliers' own sustainability programs. Deloitte helped the company use a strategic risk-sensing solution to detect ecosystem risk at scale, a more streamlined process than reaching out to thousands of suppliers one by one. Using more than a million licensed data sources, the sensing engine equipped human analysts to drive better sourcing decisions that aligned with the company's S&C goals.



Energy

A **North American energy company** sought to redefine S&C and move toward net-zero carbon—not as a compliance challenge, but as essential to the company's future. Deloitte helped the company investigate options and used our Decarbonization Solution™ to model possible approaches. Now firmly on the net-zero path, the company has realigned its capital investments and transformed its governance in a way that satisfies not only S&C ambitions, but investors as well.



Construction

Laing O'Rourke is a family business at **global scale**, committed to innovation and a net-zero future. Deloitte helped the company measure and evaluate the impacts of its broad operations, gathering data and personal input from more than 50 leaders across the business. Today, the company has a comprehensive S&C strategy and the ability to create lower-carbon roadmaps for its building processes. It has also forged better working relationships with suppliers and other third parties that share the company's goals.

Deloitte differentiators

Building upon our 20-year history in Sustainability & Climate client services, Deloitte is assembling one of the largest global networks of sustainability experience. Deloitte made an investment of US\$1 billion in client-related services, data-driven research, and assets and capabilities.

1

What sets us apart

In addition to our global Sustainability & Climate experience, Deloitte's skilled and flexible workforce offers end-to-end capabilities in strategy and execution

2

Leading advisory firm

Our extensive global presence provides us access to large listed companies, subject matter experts, and public organizations for market research and best practices

3

In-depth knowledge

We bring leading knowledge of the purchasing function, compliance rules, and sustainability issues of supply chains to build deployable strategies for our clients

4

Multi-sector credentials

We feature multi-sector credentials in the operationalization of sustainable procurement and traceability strategies, as well as tools and processes to support buyers and suppliers

5

Collaboration in transformation

We oversee change management to support the sustainable transformation of internal functions and strategic suppliers, including onboarding, business processes, and dialogues

6

Extensive third-party risk management experience

Deloitte offers extensive skills in third-party risk management and a proven integrated third-party risk management framework

Learn more

We are thought leaders in Sustainability & Climate transformation, have best-in-class analytics for climate, sustainability and social impact benchmarking, and are helping to shape the climate standards landscape and market infrastructure.

DELOITTE'S THOUGHT LEADERSHIP



[Economic Turning Point Series: Climate Inaction Cost vs. Opportunity in the United States, Europe, Asia Pacific, and Australia. Global report](#)



[2023 CxO Sustainability Report: The disconnect between ambition and impact](#)



[Corporate Sustainability Reporting Directive: Listen to leaders discuss the benefits of getting this right](#)



[Green hydrogen: Analysis shares how green hydrogen can help to achieve net-zero targets by 2050](#)



[2023 Gen Z and Millennial Survey: Understand how perceptions are shifting on climate change, finances and mental health](#)



[The road to net-zero: How firms are approaching—and accelerating—the transition to a low-carbon future](#)



[The future of the Chief Sustainability Officer: A perspective from Deloitte and the Institute of International Finance](#)



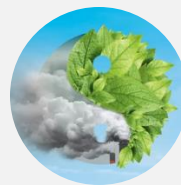
[Ingraining sustainability in the next era of ESG investing: Emerging opportunities for investment managers to adapt as investor preferences evolve](#)



[Who is setting the pace for personal sustainability? A portrait of people bringing sustainability into the mainstream](#)



[Translating banks' climate commitments into action: going green isn't always black and white](#)



[Leading in a low carbon future: How can executives drive organisations to reverse course on climate change](#)



[Tackling the challenges of the net-zero transition: How the financial services industry can boost credibility through measurement](#)



Start the
conversation

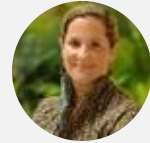
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Appendix



Endnotes:

1. Deloitte, [2022 CxO Sustainability Report: The disconnect between ambition and impact](#), 2022.
2. Deloitte, [2022 CxO Sustainability Report: The disconnect between ambition and impact](#), 2022.
3. Deloitte, [2023 Gen Z and Millennial Survey, Waves of change: acknowledging progress, confronting setbacks](#), 2023.
4. Deloitte, [“The turning point: a global summary,”](#) Deloitte Economics Institute, May, 2022, page 4.

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