

## **The share of executives recognizing the business case for sustainability has tripled in the last year**

***The improved understanding of the ROI hasn't translated into increased investment yet, however the last 12 months saw significant progress in sustainability roadmaps and shifts in business models***

**Paris, November 22, 2023 – In a context of record high temperatures and with climate disasters on the rise<sup>1</sup>, three times more executives across industries are now clear on the business case for sustainability compared to last year. A growing number also acknowledge the benefits of incorporating sustainable business practices and processes, according to a new report from the [Capgemini Research Institute](#), '[A World in Balance 2023](#)'. However, limited concrete impact can be achieved if investment levels remain unchanged.**

### **Climate disasters and regulatory pressure driving the sustainability business case**

Now, in its second year, the report found that 63% of executives agreed that the business case for sustainability is clear. This percentage has tripled in [comparison to the summer of 2022](#), when only 21% of executives agreed. In addition, the percentage of executives that claim the cost of sustainability initiatives outweighs the benefits, has dropped from 53% to 24% and those that felt sustainability initiatives are a financial burden has declined by more than half (from 53% to 22%).

The increase in extreme weather events affecting every continent and their rising associated cost is certainly playing a significant role in this shift in perception. In addition, the report found that regulatory pressure and expected ROI are key motivating factors for adopting environmental and/or social sustainability strategies and initiatives: three-quarters (74%) of executives hope to increase future revenue (up from 52% in 2022), and 64% cite compliance with current regulation (up from 51% in 2022).

### **Businesses focused on key foundations in 2023, but critical areas such as investment or reporting are still lagging**

Organizations have significantly progressed in defining their sustainability roadmaps since last year: 61% of executives now say their company has a defined priority list of sustainability initiatives to implement in the next three years (up from 49%), and 57% shared that their organization is in the process of redesigning its business/operating model to be more sustainable (up from 37%).

Despite this positive shift, limited impact is to be expected without increased investment in terms of mitigatory action against climate change. In 2023, the average annual investment in environmental sustainability initiatives and practices as a share of annual revenue of companies across industries has only increased by 0.01 percentage point compared to last year. Organizations are also continuing to fall short in terms of reporting, especially in measuring and collecting scope 3 emissions. The share of executives that say their organization has the ability to measure and collect data on scope 1 and 2 emissions has remained

---

<sup>1</sup> A recent study estimates that from 2000 to 2019, weather events such as hurricanes, floods, and heat waves cost \$2.86 trillion globally, averaging \$143 billion annually, and that the global cost of climate damage will be between \$1.7 trillion and \$3.1 trillion per year by 2050 (Nature Communications, "The global costs of extreme weather that are attributable to climate change," September 29, 2023)



unchanged, year on year. For scope 3 emissions, the share has even declined from 60% in 2022 to 51% in 2023. Similarly, action around sustainable product design has seen limited to no movement. More executives are also using third parties to audit sustainability data (54%, up 4 points since last year) but paradoxically, fewer are doing the same to disclose and benchmark progress.

*"The summer and fall of 2023 were the most disturbing in terms of record high temperatures across continents, and extreme weather events bringing unprecedented damages. The consequences of climate change are becoming impossible to ignore, and so is the future cost of not taking action,"* says Cyril Garcia, Head of Global Sustainability Services and Corporate Responsibility and Group Executive Board Member. *"What we really need to see in the months to come is companies investing in future-proof sustainability measures and pivoting their business models to build sustainable products and services. It's now or never for organizations: only those who will have invested early enough and put sustainability at the center of their strategy will be able to truly realize the benefits."*

### **Social sustainability moves up the corporate agenda**

Over half of executives (56%) say their organization is increasingly focused on the social dimension of environmental, social, and corporate governance (ESG), with organizations' own employees being the primary beneficiaries. However, the research revealed that organizations could do more to support workers in the supply chain, with almost two thirds (64%) of executives saying their organization considers the ESG ratings and environmental pledges taken by suppliers during supplier selection but only 38% saying they only work with suppliers who pay a living wage.

### **A greenwashing perception gap**

The report also found a perception gap between executives and consumers when it comes to greenwashing, with only 17% of executives saying that they believe consumers are concerned by the risk of greenwashing, while 33% of consumers globally believe organizations and brands are greenwashing their sustainability initiatives. Consumers in India (45%) and Canada (43%) are the most suspicious of sustainability claims, and in the UK the least (16%). Likewise, Generation Z is far more suspicious of such claims (50%) than boomers (18%). Ultimately, 49% of consumers never, rarely, or only sometimes trust an environmental claim about a purchase they are considering, with skepticism rising to 65% among Gen Z consumers.

### **Generative AI is expected to be a core focus within sustainability strategies**

Organizations are pinning their hopes on digital technology and, in particular, generative AI, to help them achieve their sustainability goals, with over half (59%) of executives believing it will play a key role in their organization's sustainability transformation efforts. In parallel, the same proportion of executives (57%) say their organization has started to take steps to mitigate the environmental impact of using generative AI models.

### **Methodology:**

For this research, the Capgemini Research Institute conducted a survey of 2,151 executives, employed at 718 organizations each with more than \$1 billion in annual revenue across 13 countries in North America, Europe, and Asia-Pacific (Australia, Canada, France, Germany, India, Italy, Japan, the Netherlands, Norway, Spain, Sweden, the UK, and the US) and in 11 industries, in August and September 2023. Executives surveyed were director level and above and 50% were from corporate functions, such as strategy, sustainability, sales and marketing; 50% were from value chain functions, such as product design, R&D, procurement, and logistics. The Capgemini Research Institute also conducted a global survey of 6,500 consumers over the age of 18 across the 13 countries.

To get access to the report, click here: <https://www.capgemini.com/insights/research-library/sustainability-trends-2023>



### **About Capgemini**

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided every day by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of nearly 350,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2022 global revenues of €22 billion.

Get The Future You Want | [www.capgemini.com](http://www.capgemini.com)

### **About the Capgemini Research Institute**

The Capgemini Research Institute is Capgemini's in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom and the United States. It was recently ranked #1 in the world for the quality of its research by independent analysts.

Visit us at <https://www.capgemini.com/researchinstitute/>